The GPT Group

GPT RE Limited
ABN 27 107 426 504
as Responsible Entity of
General Property Trust
AFSL 286511

GPT Management Holdings Limited
ABN 67 113 510 188

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27 February 2008

The Manager
Companies Section
Australian Stock Exchange Limited (Sydney)
20 Bridge Street
SYDNEY NSW 2000

By electronic lodgement

Dear Sir

Re: GPT Group

1. Full Year Results for period to 31 December 2007

   Please find attached:

   - Statement regarding GPT's results for the twelve months to 31 December 2007.
   - GPT Group audited Financial Statements for the twelve months to 31 December 2007.
   - ASX Appendix 4E.
   - GPT Management Holdings Limited audited Financial Statements for the twelve months to 31 December 2007.

2. December Quarter Distribution

   GPT advises the income distribution for the quarter ended 31 December 2007 will be 7.3 cents per stapled security. This comprises:

Trust Distribution	7.3 cents
Company Dividend	Nil
Total Amount Distributed	7.3 cents

   (a) Trust Distribution

   A distribution for the three months ended 31 December 2007 of 7.3 cents per stapled security will be paid on 28 March 2007 (the distribution for the three months ended 31 December 2006 was 7 cents per stapled security and the distribution for the three months ended 30 September 2007 was 7.3 cents per stapled security).

GPT Securityholder Service Centre
T: 1800 025 095
F: +61 2 9287 0303
E: gpt@gpt.com.au
www.gpt.com.au

(b) Company Dividend

No dividend will be paid for this period.

(c) Distribution Reinvestment Plan

The GPT Group Distribution Reinvestment Plan will apply to the December quarter distribution. Please refer to the Plan Rules at *www.gpt.com.au* for more information about GPT's Distribution Reinvestment Plan.

A discount of 1.5% will be applied in calculating the issue price for stapled securities in respect of this distribution.

(d) Distribution Components

Details of the components of the distribution payment are set out at "www.gpt.com.au - investor relations – distributions"

(e) Books Closing Date

In accordance with Listing Rule 3A(5), we give formal notice that the register of security holders will close at 5.00 pm, 7 March 2008 for the purpose of determining those security holders entitled to participate in the distribution for the quarter ended 31 December 2007.

Documents will be accepted for registration until 5.00 pm on the books closing date at the Sydney Register only:

Securities Registration Services
Link Market Services Limited
Level 12, 680 George Street
SYDNEY NSW 2000

Yours sincerely

James Coyne
Company Secretary

2007 Annual Results

27 February 2008

- Strong full year result, with underlying earnings increasing 7.0% -
- Sound financial position, with gearing at 36.3% -
- Ongoing progress on strategy -

HIGHLIGHTS

- Underlying earnings per security increased 7.0% to 29.4 cents per security
- Distribution increased 5.1% to 28.9 cents per security
- Sound financial position, with headline gearing within target range, at 36.3% (46.8% look through)
- Significant balance sheet and financing capacity under existing facilities to meet current liquidity needs
- Core investment portfolio delivers strong comparable income growth
- Growth of the funds management platform to more than $8.5 billion assets under management
- Development profit realisation commenced with the sale of workplace[6] to the GPT Wholesale Office Fund
- Development business set to contribute a steady stream of future profits with $4.9 billion of future developments in the pipeline
- European funds management platform established and growing strongly
- Delivery of targeted return on equity from the Group's Joint Venture with Babcock & Brown

The GPT Group (GPT) today announced profit after tax of $1,182.5 million for 2007, with continued progress on the strategic objectives which have transitioned the Group's business model to a more diversified earnings mix. GPT's realised operating income was $605.1 million, an increase of 8.3% compared to the previous corresponding period, while underlying earnings per security increased by 7.0%, to 29.4 cps.

The increase in earnings was driven by solid performance from all of the Group's operations, including the investment portfolio and new business areas. These new businesses, including the Group's US Seniors Housing portfolio, funds management business and the Group's development business as well as the Joint Venture all performed strongly.

Securityholders will receive a distribution of 28.9 cents per security (cps) for 2007, an increase of 5.1% on the previous corresponding period. This growth was above the Group's original growth target of 4-5% and has been achieved off the significantly higher growth in distributions delivered in 2005 and 2006 of 10.9% and 12.7% respectively. The Group's policy to distribute large development profits across earnings periods resulted in $8.1 million being retained, delivering a payout ratio of 98.7%.

FINANCIAL HIGHLIGHTS

	2007	2006	Change
Realised operating income	$605.1m	$558.6m	8.3%
Underlying earnings per security (cps)[1]	29.4	27.5	7.0%
Distribution per security (cps)	28.9	27.5	5.1%
	31 Dec 07	31 Dec 06	Change
NTA	$3.86	$3.60	7.2%
1 Year Total Return	-23.4%	45.2%	

[1] Based on realised operating income.

Nic Lyons, GPT's Chief Executive Officer, said during the second half of 2007 the Group had continued building a more diverse business mix with a strong long-term growth profile.

"The challenging recent market conditions underscore the importance of the prudent business model we have built at GPT which includes a focus on appropriate risk management and oversight of the various components of the business. Our balance sheet is strong, our funding position is secure, and the business is well positioned for sustainable long-term growth.

"While remaining a major owner and manager of Australian real estate, GPT has expanded to a business with access to a broader range of income streams, capital sources and growth options both locally and in selected offshore markets. We have maintained solid financial metrics, with considerable unused financing capacity under existing facilities and minimal exposure to refinancing risk.

"Our Australian real estate portfolio, which represents over 70% of our total assets, is performing very well and has further expansion potential, while our Australian development pipeline and our

funds management business have been rapidly expanded, giving us access to a broader range of capital partners, real estate exposures and income streams.

“Internationally, we have grown our investment in the US seniors housing market, and our European funds management platform is now well established. We recently completed the successful launch of two funds in Europe which attracted quality institutional investors.

“GPT's joint venture with Babcock and Brown again made a positive contribution to earnings meeting the Return on Equity targets set for GPT's joint venture interest during 2007. It has become clear over the last six months however, that capital and debt markets have changed dramatically. Recognising this fact, GPT and Babcock and Brown have agreed to respond proactively and collaboratively. Accordingly, the parties are exploring ways in which the redemption of GPT's capital will be accelerated and GPT's future participation in the JV will carry less risk. More detail on this process will be provided in the coming months as appropriate strategies are determined.”

In light of the changed market environment and a conservative stance by GPT management, our distribution guidance for CY08 does not assume profits on asset realisations from the JV. 45% of the JV portfolio has been externally valued in the second half of 2007 with the balance being reviewed internally, reaffirming carrying values for these assets.

OUTLOOK

Mr. Lyons said that the strength of the Group’s performance, and the extent to which GPT had expanded and diversified the Group’s earnings mix, positioned GPT to continue to deliver stable returns to Securityholders well into the future as the business consolidates initiatives taken over the last two and a half years. With compound distribution growth since 2004 of 9.4% per annum, returns to investors have been significantly enhanced since internalisation.

“As we move into a more challenging environment globally, GPT’s more diverse business mix, with a dominant base in Australia complemented by modest exposure to selected offshore markets, will leverage the Group’s skills and expertise.

“Given the more challenging environment for the Joint Venture and our conservative stance on the realisation of trading profits in 2008, we expect to maintain distributions in 2008 at 28.9 cents per security,” Mr Lyons said.

- ends -

- please see following additional information –

GPT's Full Year results Presentation will be web cast via the Group's website (www.gpt.com.au) on Wednesday 27 February 2008 at 11.00am (Sydney time).

Attached:

Additional Information

For further information contact:

Nic Lyons	**Michael O'Brien**	**Kieran Pryke**	**Donna Byrne**
Chief Executive Officer	Chief Operating Officer	Chief Financial Officer	Head of IR & Corporate Affairs
02 8239 3565	02 8239 3544	02 8239 3547	02 8239 3515
0401 719 899	0417 691 028	0413 882 524	0401 711 542

Neil Tobin
General Manager, Joint Venture
02 8239 3552
0408 630 357

ADDITIONAL INFORMATION: 2007 Result

Financial Summary

	2006	2007
Distributions		
Distribution (cents per security)	27.5	28.9
Earnings (cents per security)*	27.5	29.4
	At 31 Dec 2006	**At 31 Dec 2007**
Assets		
Total assets	$12,001.9m	$13,966.9m
Borrowings	$4,291.7m	$4,995.0m
Debt to total tangible assets	35.8%	36.3%
Securities on issue ('000)	2,041,531	2,099,614
NTA	$3.60	$3.86
Security price	$5.60	$4.04

* Based on realised operating income.

Balance sheet

The Group's access to a range of capital sources was enhanced by the growth of the funds management platform, both domestically and in Europe, and the expansion of GPT's range of capital partners.

The Group's balance sheet was strengthened and exposure to refinancing needs reduced with the successful completion of a €2 billion funding facility in October 2007. The Facility, which can be drawn in one, three and five year tranches, attracted a range of lenders and increased the weighted average term to expiry of GPT's debt to 3.7 years. It was completed with an average margin of only 2.4 basis points above facilities already in place. These terms represented an excellent outcome in a more challenging global credit market and demonstrated the strength of GPT's relationship with the broader banking community and strong financial standing of the Group.

The Group introduced a Distribution Reinvestment Plan (DRP) in the first half of 2007. The DRP raised $165.5 million in the twelve months to December 2007 through the issue of 35.8 million securities. A further $102.1 million was raised through the underwriting of this facility (for the September 2007 quarter).

At 31 December 2007 GPT's headline borrowings, of $4.995 billion, included Australian, US and Euro denominated debt. GPT's headline gearing of 36.3% is comfortably within the policy range of 30-40%. On a 'look through' basis gearing is 46.8% (within GPT's policy range of up to 50%).

The current weighted average interest rate across GPT's debt is 5.14% (after fees and margins) and the weighted average term is 3.7 years. Only 16% of current facilities require refinancing in 2008, with a similar amount maturing in 2009. On a 'look through' basis the weighted average term of debt is 4.8 years. GPT has significant current capacity, of $2,823.6 million, under facilities already in place to replace these facilities if necessary.

GPT is substantially protected from interest rate and currency volatility over the near term with 97% of headline debt hedged for an average of 4 years.

Total assets at 31 December 2007 of $13.967 billion included the benefit of valuation increases across the Group's asset base, recent acquisitions, and the benefit of further investment in the Group's Australian development pipeline, US Seniors Housing portfolio and Joint Venture with Babcock & Brown.

NTA increased by 7.2%, to $3.86 at December 2007, an increase of 26 cents on the 31 December 2006 figure. The allocation between the Trust Unit and GPT Management Holdings Limited Share is $3.77 and $0.09 respectively.

Investment Portfolio

GPT's Australian investment portfolio, which now has a value of $10.1 billion (including GPT's co-investment in the GPT Wholesale Office Fund and GPT Wholesale Shopping Centre Fund) provides the large majority of GPT's investment returns, providing stability to the Group's income.

The Portfolio has benefited from a focus on active management and prudent development as illustrated by an increase in comparable income. Growth in the Australian business was achieved through the growth of the funds management business and the completion of developments in the retail, office and industrial portfolios which will deliver returns during 2008 and in future years.

The Group's ambitions to build on the US Seniors Housing Portfolio (acquired in December 2006) were realised with the acquisition of a 95% interest in a further 15 assets in October 2007. GPT now has an investment of $795.7 million in the portfolio of 34 assets.

Australian Retail

- Comparable income growth 4.8% (GPT owned assets)
- Net revaluation $246.8 million (including interest in GWSCF)
- Highly productive portfolio with low vacancy
- Developments contribute to increased income

Through its own investments and an interest in the GPT Wholesale Shopping Centre Fund (GWSCF), GPT has an interest in a $6.6 billion Retail Portfolio with a development pipeline of close to $2.5 billion.

Consisting of interests in 18 quality Australian shopping centres and eight Homemaker City centres, the GPT managed portfolio provides diversity, scale and a range of development opportunities to both GPT and GWSCF investors.

Head of Retail for GPT, Mark Fookes, said the GPT managed portfolio continued to perform well, with expectations that consumer demand would remain underpinned by high employment and a robust economy providing a positive outlook.

Across the GPT managed assets, comparable total centre sales grew solidly at 4.5% (1.2% at December 2006) and comparable specialty sales growth was also strong at 4.0% (2.3% at December 2006). Specialty occupancy costs were at 16.2% across the GPT managed portfolio at 31 December 2007.

Total Portfolio (excluding development) (includes GST)

	Moving Annual Turnover				Occupancy Costs (%)	
Centre	Centre MAT $PSM	Comparable Centre MAT Growth (%)	Specialty MAT $PSM	Comparable Specialty MAT Growth (%)	Centre (%)	Specialty (%)
GPT OWNED						
Casuarina Square	6,873	4.1%	9,433	6.5%	9.2%	13.6%
Charlestown Square	7,423	2.4%	10,880	0.7%	9.7%	16.2%
Dandenong Plaza	3,769	2.4%	6,378	3.2%	10.5%	15.8%
Erina Fair	5,898	3.3%	6,943	2.3%	9.4%	18.4%
Floreat Forum	7,574	4.5%	5,909	5.3%	7.5%	13.9%
Melbourne Central	6,492	14.7%	8,838	14.3%	12.7%	14.3%
Sunshine Plaza	7,569	2.6%	10,284	3.0%	9.4%	16.0%
Westfield Penrith	6,720	5.1%	9,667	3.7%	10.9%	17.7%
Westfield Woden	6,971	3.5%	9,696	3.3%	8.9%	15.7%
GWSCF OWNED						
Carlingford Court	6,824	9.5%	8,642	5.2%	8.1%	14.9%
Chirnside Park	7,303	5.7%	8,682	(0.4%)	6.2%	13.6%
Forestway	11,644	5.7%	9,036	6.0%	6.8%	13.6%
Highpoint	6,405	3.5%	8,499	1.5%	10.7%	18.1%
Wollongong Central	5,807	0.7%	9,237	0.8%	11.5%	15.5%
Total Portfolio	**6,512**	**4.5%**	**8,779**	**4.0%**	**9.8%**	**16.2%**
Centres under development						
GWSCF OWNED						
Macarthur Square	5,710	9.8%	7,919	7.7%	10.5%	16.7%
Parkmore	5,491	1.6%	6,505	7.8%	7.9%	14.5%

GPT reports in accordance with the Shopping Centre Council of Australia (SCCA) guidelines.

GPT is focused on the growth of existing assets to meet trade area demand and identifying new projects. Developments completed in recent years have contributed strongly to Portfolio income and NTA, demonstrating the value of expansion and redevelopment activity.

The current development pipeline across the GPT and GWSCF owned assets has a potential cost of close to $2.5 billion, providing access to further exposure to the resilient Australian retail sector through opportunities in some of Australia's strongest retail markets.

"The GPT managed retail assets have benefited from intensive management and proactive ongoing development, and we are seeing the benefit of successful redevelopments in sales and income growth. These, combined with active asset management to drive returns and a positive retail environment, will deliver further income growth in the medium term," Mr Fookes said.

Australian Office

- Comparable income growth 6.3% (GPT owned assets)
- Net revaluation $460.8 million (including interest in GWOF)
- 124,500 sqm leased over 2007 (GPT and GWOF)
- Ability to benefit from strong market conditions

GPT's office investment totals $3.15 billion, including GPT's $1.06 billion investment in the GPT Wholesale Office Fund (GWOF).

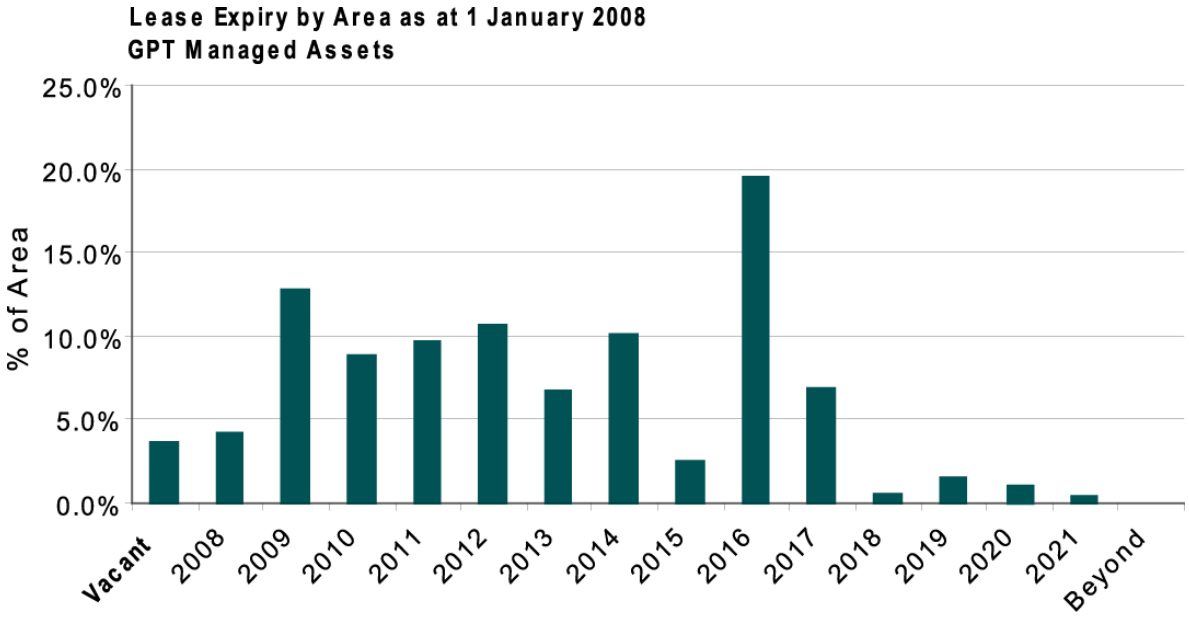
Across the $5 billion GPT managed Portfolio, 124,500 sqm was leased in 2007 and terms agreed over 22,750 sqm in the December quarter, resulting in 98.7% of space being committed, well above market occupancy of 95.1%.

Leasing activity included:

- Over 10,000 sqm leased at Australia Square, Sydney over the year, resulting in occupancy of 100%;
- Strong leasing at the MLC Centre in Sydney where 100% of space is now committed following close to 10,000 sqm of leasing;
- Over 11,000 sqm leased at the HSBC Centre in Sydney, bringing occupancy to over 99%;
- A lease of over 51,000 sqm to the Commonwealth Bank of Australia at Darling Park in Sydney for a term of 12 years, which removes expiry risk at this asset;

The recently completed 818 Bourke Street, Melbourne development achieved practical completion and is now also fully committed.

Across the GPT managed Portfolio, the average lease term is 6.0 years, with limited short-term expiry, providing long term secure income with growth through further leasing, fixed increases and market reviews.



Tony Cope, GPT's Head of Office, said GPT expected stronger income growth in the medium term from its office investments as a result of improved market conditions, particularly in Sydney where the majority of the portfolio is located.

"Following significant leasing in 2007 we are focusing on the limited upcoming vacancy to continually improve our expiry profile and extend the Portfolio's income security. We have market rent reviews across over 30% of the portfolio (by area) in 2008, providing us with the ability to benefit from the improved market conditions and positive rental reversions as a result of under-renting through the portfolio.

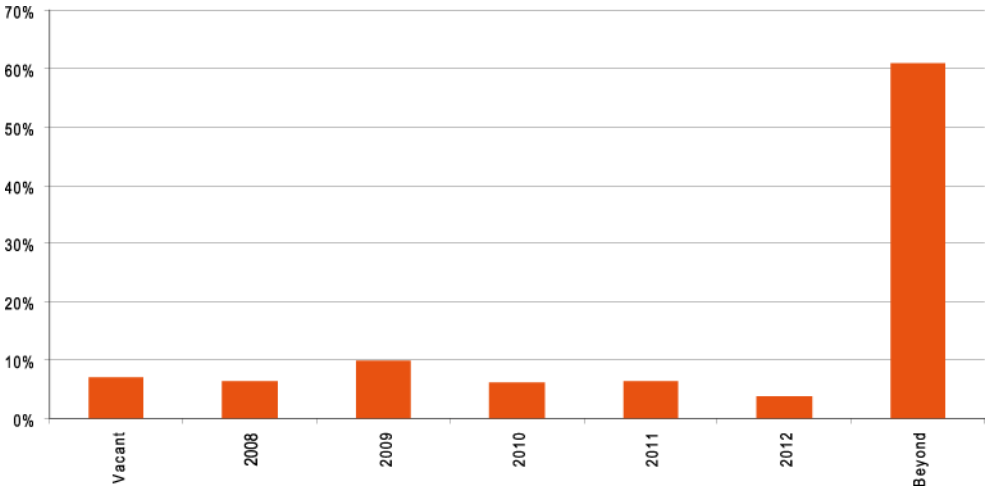
"Net absorption in the major CBD markets continues to be positive and with relatively constrained supply in most markets, we expect solid rental growth over the short to medium term," Mr Cope added.

Australian Industrial/Business Park

- Comparable income growth 3.7%
- Net revaluation $24.2 million
- Portfolio growth achieved as developments completed
- Long average lease term of 7.6 years (by income)

GPT's Industrial/Business Park Portfolio grew to $738 million at 31 December 2007. The Portfolio consists of high quality assets with strong diversification across a number of assets and between industrial and business parks.

During 2007, over 110,000 sqm of space was leased or renewed, contributing to occupancy of 93% by income (including land leases) and an average lease term of 7.6 years. The focus on large, high quality strategic development sites over the last 3-4 years has paid dividends with strong development returns and a large pipeline at Sydney Olympic Park, Somerton and connect@erskine park now in place.



The Portfolio's accommodation and tenant base was further enhanced over 2007 with the completion of Quad 4 at Sydney Olympic Park in June 2007 and the completion of a new facility at Austrak Business Park (Somerton, VIC). Extensions for Freedom Furniture (at Kings Park (NSW)) and Mitsubishi Motors (at 19 Berry Street, Granville) demonstrated the team's ability to meet tenants' needs and enhance income security through new long term leases to these tenants over the existing facilities in conjunction with the new space.

Victor Georos, Industrial/Business Park Portfolio Manager, said: "We now have considerable scale and diversity across our Portfolio, with assets in a range of industrial and business park markets and the ability to meet a wide range of tenant accommodation needs. With approximately 560,000 sqm of development land available, investors will benefit from income growth from recently completed developments and as new developments are brought on line in the short to medium term," Mr Georos said.

Australian Hotel/Tourism

- Comparable income down 1%
- Good performance from Four Points by Sheraton and Lodges assets
- Solid assets with good long term fundamentals

GPT's Hotel/Tourism Portfolio, with a value of close to $900 million, includes a unique collection of luxury based assets in some of Australia's most unique tourism locations and the Four Points by Sheraton Hotel, Sydney.

Bruce Morris, GPT's Hotel/Tourism Portfolio Manager, said Four Points and the Lodges delivered strong performance over 2007, however Ayers Rock Resort's performance declined, largely as a result of a reduction in Japanese visitation.

Four Points by Sheraton increased revenue by almost 10% as a result of continued improvements in room rates (up 2.7%) and occupancy (up 5.8%).

The Voyages Lodges portfolio demonstrated steady improvement, with occupancy and total revenue increasing marginally, despite difficult tourism conditions. At Ayers Rock Resort lower inbound guest demand, particularly from the Japanese market, was consistent with an overall fall in Japanese travel into Australian and resulted in reduced revenue despite stable occupancy.

"During 2007 the industry experienced lower growth in inbound tourism, particularly from the core markets of Japan, USA and UK. In addition, an increasingly strong Australian dollar has reduced the affordability of Australia as a destination while supporting higher levels of outbound tourism. Although these factors are anticipated to continue into 2008, we hold solid assets in fundamentally

attractive tourist destinations which should support returns over the medium term. Ayers Rock Resort remains a dominant asset in a unique location and we are confident of its ability to perform," Mr Morris said.

US Seniors Housing

- Portfolio expanded October 2007 to include 34 assets
- Access to market with strong fundamentals
- Portfolio weighted to needs based market (assisted living)

In December 2006, GPT entered the US seniors housing market, with the acquisition of a 95% interest in a portfolio of seniors housing assets and an interest in the manager of the Portfolio, Benchmark Assisted Living (BAL). The Portfolio provides access to a sector focused on a growing demographic and a joint venture relationship with a dominant operator in this asset class. The Portfolio is located in one of the strongest markets for seniors housing with fundamentals supporting increasing demand for assisted living facilities.

The Group progressed its strategy to build a significant portfolio with a second acquisition completed in October 2007, giving GPT an interest in 34 assets ($795.7 million) located in the Northeast Corridor, and providing exposure to the strong Boston market.

Returns in the first year of ownership were in line with expectations and Portfolio metrics remain sound. A high percentage of the Portfolio is focused on the assisted living market which is considered more resilient throughout market cycles, given the needs based nature of the offer.

Martin Janes, Communities Portfolio Manager for GPT, said: "It is pleasing that we have been able to execute our strategy in this sector so quickly with two acquisitions which meet our investment targets and providing a reasonable scale. Despite a more challenging environment in the US, we anticipate solid returns from the Portfolio given the needs based nature of the assets and the strong long term fundamentals for seniors housing in what is an affluent market.

"Longer term we see this sector as one which is potentially attractive to our funds management platform."

Joint Venture

- Return on Equity target of 9.7% (GPT's capital) exceeded
- $7.1 billion portfolio secured
- Trading profits delivered
- Minimal near term debt maturities

Consistent with its performance since inception in June 2005 the Joint Venture made a solid contribution to the 2007 result, contributing $151 million (after provision for CFC taxes and the repayment of top up).

At 31 December 2007 GPT had a total of $2,010.2 million in capital committed to the Joint Venture, including $1,636.6 million of preferred capital.

The 2007 result reflected a ROE on GPT's capital of 9.9%, above the target of 9.7%. The result included the repayment of the full top up and the benefit of trading profits from the sale of a portion of the German residential portfolio and Galerie Pomorska, a retail asset in Poland.

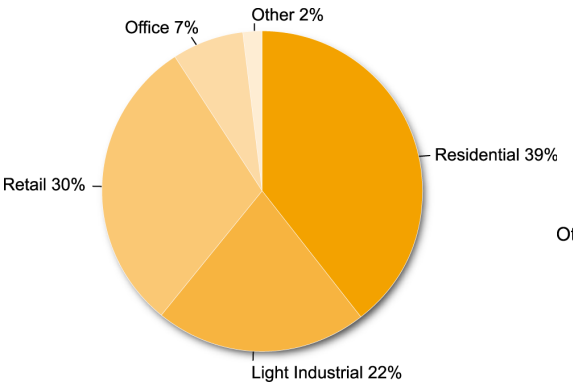
The Joint Venture Fund has now secured $7.1 billion (approximate AUD equivalent) in assets, predominantly in Europe where the vehicle's exposure is largely in Germany. The Joint Venture has virtually no exposure to the UK market.

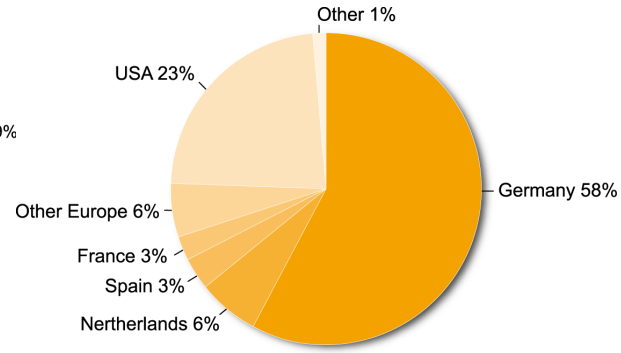
Gearing, of 69.5%, is below the target of 75% and has an average term to maturity of 6.2 years. The weighted average cost of debt was 5.2%. The hedging profile of the JV is consistent with its policy to reduce funding risk, with 95.6% of debt hedged for an average duration of 5.4 years.

Consistent with the focus of both businesses on continually reviewing the JV's capital requirements, operating structures and objectives, the Joint Venture revised its operating structure in June 2007. Continuing this process, GPT is now in discussions with Babcock & Brown with regard to further changes with the objective of accelerating the return of capital and reducing risk within the Joint Venture.

Neil Tobin, General Manger, Joint Venture said: "GPT's joint venture with Babcock and Brown again made a positive contribution to earnings meeting the Return on Equity targets set for GPT's

joint venture interest during 2007. It has become clear over the last six months however, that capital and debt markets have changed dramatically. Recognising this fact, GPT and Babcock and Brown have agreed to respond proactively and collaboratively. Accordingly, the parties are exploring ways in which the redemption of GPT's capital will be accelerated and GPT's future participation in the JV will carry less risk. More detail on this process will be provided in the coming months as appropriate strategies are determined."





Funds Management

- Rapid growth in assets under management achieved ($8.5 billion)
- Second Australian fund launched
- Creation of European platform

The Group made significant progress in building a funds management platform focused on the wholesale investor market, with scale now achieved in Australia and Europe. This platform provides GPT with access to real estate product in Australia and Europe and a range of global capital partners. Assets under management increased to $8.5 billion at 31 December 2007.

Despite a more challenging market, the platform attracted new equity to both new and existing funds and assets continue to be acquired on returns which meet investors' investment criteria.

In Australia, GPT has built assets under management to $5.1 billion through the growth of the GPT Wholesale Office Fund (GWOF), launched in July 2006, and the GPT Wholesale Shopping Centre Fund (GWSCF), launched in March 2007. Both Funds outperformed their benchmarks at December, resulting in the achievement of performance fees.

The GPT Wholesale Office Fund (GWOF) now consists of $3 billion in assets following acquisitions in Brisbane, Melbourne, Chatswood and Sydney. The Fund has gearing of 12% and an active distribution reinvestment plan.

The establishment of the GPT Wholesale Shopping Centre Fund in March 2007 raised $1.2 billion in equity and built on the success of GWOF. Following the acquisition of Norton Plaza and the nearby Berkelouw Complex in November 2007, the Fund's portfolio consists of interests in nine retail assets with a value of $2.1 billion. With gearing of 5%, GWSCF has capacity for further investment and the ability to fund the development potential identified across its existing assets.

GPT expanded the platform to Europe in July 2007 with the acquisition of Halverton Real Estate Investment Management, and an interest in Hamburg Trust. These platforms provide the Group with exposure to a broader range of investors and access to local expertise in these markets.

Since acquisition these business have continued to grow with assets under management of $3.4 billion (€2 billion) at December 2007, following the establishment of new funds for both groups.

GPT Halverton's assets under management grew to almost $3.4 billion at the end of December (€2 billion), excluding $300 million in assets held for future funds. In the second half of 2007, BIP, a partnership created for clients of CBRE Investors to invest primarily in multi-let industrial property in the Netherlands and Germany, raised €125 million of third party equity. The launch of the German Retail Property Fund in December 2007 (€126.5 million) and the first close for DAF (the Dutch Active Fund) in December, (€83 million). The business is currently focused on the marketing of a large industrial fund (the Northern European Light Industrial Fund), which consists of the majority of the assets held in the Joint Venture's pan European light industrial portfolio.

The GPT Halverton team consciously chose to avoid the UK market over the last 2-3 years, viewing this market as unsustainably priced and consequently concentrated on stabilising a strong platform in Europe where the Group has 10 offices and 160 people focused on sourcing acquisitions, asset and funds management. The team has deep experience in the UK light industrial and logistics markets, providing GPT with a strong capability and access to emerging opportunities in the UK.

Hamburg Trust, a start up business focussed on the German closed end fund market, successfully launched its first closed end fund - the €50.9 million Germany 1 Munich Fund (domicilium) - and is currently focused on the launch of its second fund, Finest Selection. The closed end fund market continued to demonstrate growth in fund inflows in 2007, providing solid prospects for growth from this business.

Michael O'Brien, Chief Operating Officer, said the European business had delivered steady growth in assets under management despite a more difficult market and is well placed to grow over time and to benefit from the potential opportunities provided by market changes.

"Our ability to build on our established relationships provide us with further avenues for growth and an excellent base in new markets, which positions us well to leverage capital, product and skills across markets while providing attractive investment options for our own capital.

"We have quickly established a large business in Australia and with quality product offerings, good performance and investment partners we are confident of continuing to build our business in Australia and Europe.

"While relatively small investments, GPT Halverton and Hamburg Trust provide GPT with a modest exposure to new markets and growth as the businesses launch further funds over 2008. Although GPT's business has not invested in the UK, changing conditions in this market provide potential opportunities which, combined with the businesses' existing activities and platform in Europe, stand the Group in good stead to access steady growth over time as these businesses mature," Mr O'Brien said.

Development

- Pipeline grown ($4.9 billion – GPT and funds)
- First development profits secured
- Expanded, experienced team

Since GPT internalised in June 2005, the Group has been focused on extending the development pipeline available to GPT and its managed funds and has successfully built resourcing and acquired further exposure to development opportunities.

GPT's pipeline, which represents a range of retail, office and industrial projects, provides the Group with the ability to continue to grow its exposure to the Australian market through ownership of quality real estate through its own assets and an interest in those owned by the Group's managed funds. With the addition of the funds management business, developments also have the potential to create additional income for GPT through the realisation of development profits, and fund, property management and development fees, while providing GPT with the opportunity to recycle capital and manage its balance sheet.

The Group continued to expand its in-house resources and development program, completing a number of best practice sustainable developments. The Group's first realised development profit was secured with the sale of workplace[6] in Sydney's Pyrmont to the GPT Wholesale Office Fund

in December 2007 and the pipeline was expanded with an opportunity to create a $500 million major retail destination in the heart of Newcastle's CBD.

The development of One One One Eagle Street (Brisbane) will commence in 2008 and major retail developments at Rouse Hill Town Centre and Charlestown Square (both in NSW) are underway.

The agreement to sell workplace[6] (which is now fully leased) demonstrates the potential value of the development pipeline to investor returns and the Group's managed funds. GPT will receive a total of $188.7 million for the building, which will be paid in two instalments. GPT received a first instalment payment of $106.5 million in December 2007 for the value of the asset to date which results in a profit of $21.4 million after taking into account tax and GPT's interest in GWOF. The agreement to sell the asset to GWOF demonstrates the potential of future developments to deliver value to GPT and GWOF investors, through the provision of quality office space which meets the Fund's investment criteria. GPT will receive the second instalment and associated costs of approximately $82.2 million on practical completion.

GPT Owned Developments

Overall, current and potential GPT owned projects have an estimated cost of approximately $3.4 billion in the medium term.

Key projects underway or planned include:

- Construction of a new $470 million retail asset, Rouse Hill Town Centre, in Sydney's north-west which is progressing well. As one of the last major Greenfield regional retail opportunities within the Sydney metropolitan area this is a unique opportunity for the Group to develop a new retail precinct as part of a planned community.

  The first stage, representing two supermarkets and approximately 80 specialties opened on 25 September 2007, fully leased. Stage 2 will open in March 2008 and is also fully leased. A yield of 7% is anticipated on the development.

- At Charlestown Square, a major expansion which will increase the centre from 49,000 sqm to 89,000 sqm at a cost of approximately $450 million commenced in January 2008, following

approval of the Development Application by Lake Macquarie City Council. This major expansion is anticipated to be complete in 2010.

- Further to the announcement in August 2007 of plans for a $500 million retail, entertainment and commercial development in the heart of Newcastle's city centre, GPT has commenced consultation with the community and relevant government and local authorities. This project is an excellent opportunity to create a major retail destination in the heart of Newcastle's CBD, strengthening and capitalising on the significant urban regeneration that is occurring in and around the CBD and waterfront areas. The development will provide the potential for strong development returns for GPT and may, over time, also provide quality product for the GPT Wholesale Shopping Centre Fund.

Recent and planned projects underway or planned across the GPT managed office assets include:

- The development of a new 21,700 sqm campus style office building on the waterfront at 818 Bourke Street, Melbourne, was completed in December 2007. The $110 million, six level office building has attracted Ericsson as the major tenant (leasing over 56% of the building) for a term of 10 years. Terms have also been agreed over the remaining space and the building is now fully committed. A yield of 7.8% is anticipated on the development.

- Construction at workplace[6] commenced in April 2007 and is due for completion in November 2008, ahead of schedule. The six-level office building of approximately 18,000 sqm located on the waterfront at Darling Island, Sydney, will be developed at a cost of approximately $140 million and has achieved a 6 star Green Star Rating (world's best practice for this measure).

  The building's office space has been fully leased to Google and Accenture, at rents above initial expectations, reflective of the current strength of the Sydney office market and the attractiveness of the building to quality tenants. Google has leased levels four to six and Accenture has leased levels two and three, leaving only the ground floor retail to be leased. Both tenants have long-term leases.

- At One One One Eagle Street (formerly Indigo House), Brisbane, a Development Application has been approved for a 60,000 sqm Premium Grade office tower in Brisbane's prime commercial "Golden Triangle" precinct. The development, to be named One One One Eagle Street, represents an opportunity to capitalise on the strength of the Brisbane market through

the provision of a premium grade 44 level tower in an exceptional location. Demolition of the existing building, which is anticipated to take approximately six months, will commence early in 2008.

Key projects underway or planned across the GPT Industrial/Business Park assets include:

- At Austrak Business Park, Somerton VIC, a 43,300 sqm facility for Linfox was completed in October 2007. A first year yield of 8.2% has been achieved on the $19.9 million cost (GPT share). Linfox has leased the facility for 10 years from completion.

- The Quad Business Park was completed in June 2007 with the finalisation of Quad 4. Over 60% of the space has been leased to Samsung from October 2007. Additional leasing has increased occupancy to 98%. A fully leased yield of 8.4% is forecast on the $30.5 million cost (including land).

- Expansions for existing tenants were also progressed. A $12.7 million expansion for Freedom Furniture at Kings Park was completed in October 2007 and is expected to deliver a first year yield of 8.3%. In conjunction with the expansion, Freedom has taken a new 10 year lease over the expanded 40,300 sqm facility. An $8 million expansion for Mitsubishi (6,000 sqm), at 19 Berry Street, Granville, is due for completion in the first quarter of 2008 and is expected to deliver a first year yield of 8%. Mitsubishi will lease the newly expanded space (totalling 20,500 sqm) for 10 years.

Additional opportunities exist at Macquarie Park, Sydney Olympic Park and Austrak Business Park, Somerton, and GPT also anticipates settlement of a 376,000 sqm site at Erskine Park in April 2008. The site has the ability to be developed into a sizeable industrial estate with close to 190,000 sqm of gross building area.

Fund Owned Developments

Major developments within the Group's wholesale funds include a range of retail and office opportunities with a potential cost of over $1.1 billion. Current developments include:

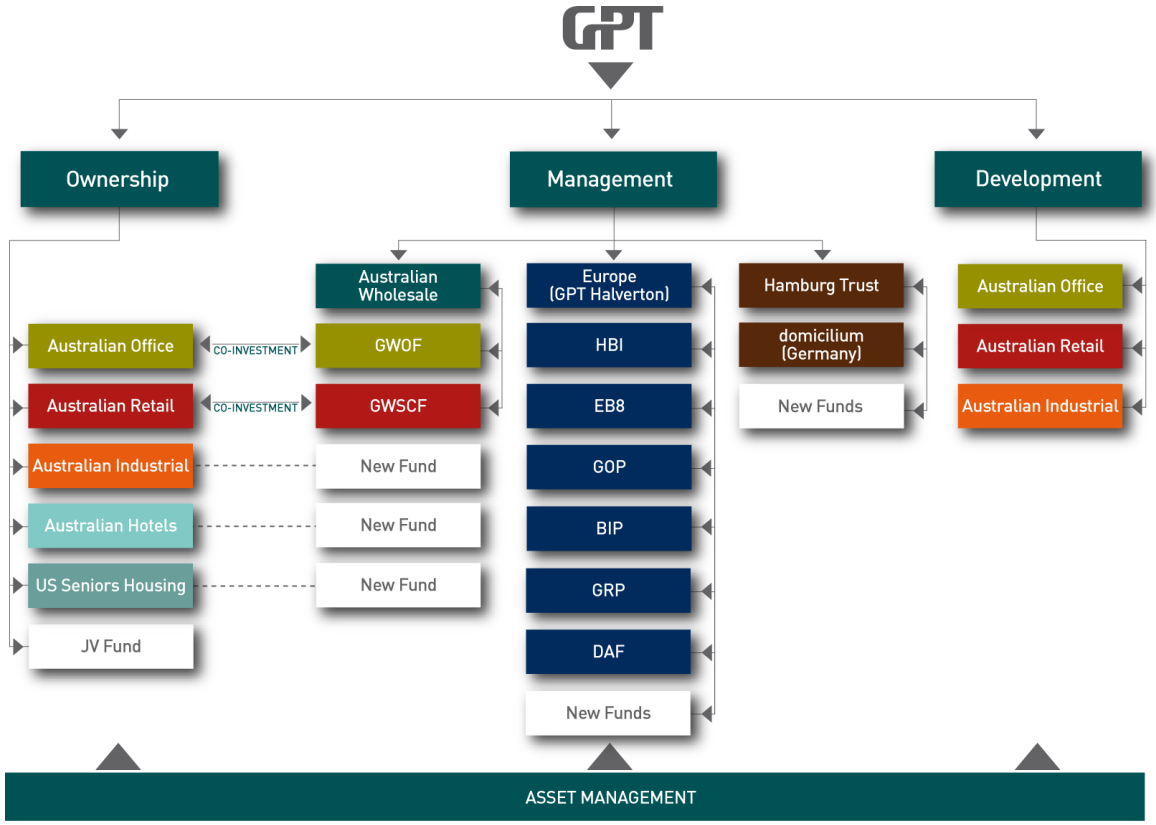
- Office developments underway in Brisbane (545 Queen Street) and Melbourne (28 Freshwater Place).

- At the GWSCF owned Wollongong Central, a full submission for a major expansion has been lodged with the NSW Department of Planning. Adjacent land has been acquired and works have commenced on the relocation of AHM, which will allow the Centre to be extended onto the existing AHM site. Subject to planning and GPT Funds Management Board approval, the development is anticipated to commence at the end of 2008.

Michael O'Brien, Chief Operating Officer for GPT, said the development pipeline provided a significant avenue for future growth.

"Asset creation is a critical part of GPT's business model. With the sale of workplace[6] we have demonstrated our ability to develop assets on GPT's balance sheet for sale to our funds. This has created quality product for our funds, enabling us to crystallise development profits upon sale while generating ongoing returns through co-investment and fee streams for managing the funds and assets.

"We see this pipeline as important in giving us access to quality product and ensuring we are in a position to continue to deliver growth from the portfolios we manage on behalf of GPT and fund investors. The current pipeline, of $4.9 billion continues to provide GPT investors with exposure to well capitalised Australian assets through direct ownership and co-investment and to secure growth in the highly sought and well positioned Australian market," Mr. O'Brien said.



THE GPT GROUP AT A GLANCE

- One of Australia's largest diversified listed property groups, with total assets of $14 billion
- Focused on property ownership, management and development
- A broad diversified business base with sustainable income streams
- Assets under management of over $8.5 billion*
- Business operations in Australia, the US and Europe
- Listed on an Australian Stock Exchange since April 1971
- GPT Securities are owned by over 48,000 investors

Excludes assets to seed future funds.

General Property Trust
ABN: 58 071 755 609

Annual Financial Report
31 December 2007

The GPT Group (GPT) comprises General Property Trust (Trust) and its controlled entities and GPT Management Holdings Limited (Company) and its controlled entities.

General Property Trust is a registered scheme, registered and domiciled in Australia. GPT RE Limited is the Responsible Entity of General Property Trust. GPT Management Holdings Limited is a company limited by shares, incorporated and domiciled in Australia. GPT RE Limited is a wholly owned controlled entity of GPT Management Holdings Limited.

Through our internet site, we have ensured that our corporate reporting is timely, complete and available globally at minimum cost to the Trust. All press releases, financial reports and other information are available on our website: www.gpt.com.au.

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DIRECTORS' REPORT

For the year ended 31 December 2007

The Directors of GPT RE Limited, the Responsible Entity of General Property Trust, present their report together with the financial statements of General Property Trust (the Trust) and its controlled entities (consolidated entity) for the financial year ended 31 December 2007. The consolidated entity together with GPT Management Holdings Limited and its controlled entities form the stapled entity, the GPT Group (GPT or the Group).

1. OPERATIONS AND ACTIVITIES

1.1 Principal Activities

The principal activity of GPT RE Limited during the financial year was acting as the Responsible Entity of the Trust.
GPT RE Limited is a company limited by shares, incorporated and domiciled in Australia. The registered office and principal place of business is MLC Centre, Level 52, 19 Martin Place, Sydney NSW 2000.

The principal activities of GPT during the financial year were:

- investment in income producing retail, commercial, hotel, industrial office parks and residential and senior housing properties;
- development of retail, commercial, industrial and office park properties;
- residential property development;
- property management;
- funds management; and
- hotel management.

There were no significant changes in the nature of the activities during the financial year and GPT continues to operate in Australia, Europe and the United States of America.

1.2 Review of Operations

Financial results - highlights

- Distribution per stapled security increased by 5.1% (Dec 2006: 12.7%) to 28.9 cents (Dec 2006: 27.5 cents)
- Realised operating income increased 8.3% to $605.1 million (Dec 2006: $558.6 million)
- Total assets increased by 16.4% (Dec 2006: 15.1%) to $13,966.9 million (Dec 2006: $12,001.9 million)
- Net tangible assets per stapled security increased by 7.2% (Dec 2006: 14.6%) to $3.86 (Dec 2006: $3.60)

Financial results – portfolio/operational highlights

The financial performance and total assets by portfolio are summarised below along with commentary on each portfolios' operational performance.

Portfolio/Segment	Note	Realised Operating Income 31 Dec 2007 $M	Underlying Earnings adjustments 31 Dec 2007 $M	Total Net profit after tax* 31 Dec 2007 $M	Realised Operating Income 31 Dec 2006 $M	Underlying Earnings adjustments 31 Dec 2006 $M	Total Net profit after tax* 31 Dec 2006 $M
Retail	1.2(a)	**292.9**	**227.4**	**520.3**	339.0	486.9	825.9
Office	1.2(b)	**189.9**	**431.7**	**621.6**	222.1	266.2	488.3
Industrial	1.2(c)	**47.7**	**24.1**	**71.8**	39.3	29.3	68.6
Hotel & Tourism	1.2(d)	**72.5**	**2.9**	**75.4**	76.8	(23.1)	53.7
Seniors Housing	1.2(e)	**19.9**	**(3.3)**	**16.6**	-	-	-
Funds Management	1.2(f)	**8.6**	**1.5**	**10.1**	2.3	1.6	3.9
Joint Venture	1.2(g)	**151.0**	**(41.4)**	**109.6**	100.2	34.4	134.6
Corporate		**(177.4)**	**(65.5)**	**(242.9)**	(221.1)	30.1	(191.0)
Total		**605.1**	**577.4**	**1,182.5**	558.6	825.4	1,384.0

		Total Assets 31 Dec 2007 $M	Total Assets 31 Dec 2006 $M
Retail	1.2(a)	**5,324.9**	5,806.5
Office	1.2(b)	**3,147.1**	2,567.6
Industrial	1.2(c)	**737.8**	662.3
Hotel & Tourism	1.2(d)	**896.1**	851.1
Seniors Housing	1.2(e)	**307.2**	216.5
Funds Management	1.2(f)	**624.7**	-
Joint Venture	1.2(g)	**2,010.2**	1,507.6
Corporate		**918.9**	390.3
Total		**13,966.9**	12,001.9

* Refers to the net profit for accounting purposes as shown in the Income Statement.

A description of each segment, further detail on the types of segment income and expenses is set out in note 2 of the financial statements. The nature of the underlying earnings adjustments is set out in note 2(b) of the financial statements.

1.2 Review of Operations (continued)

The underlying net profit result reflected growth from existing business operations, including GPT's investment portfolio, and the benefits of expansion of GPT's operations into new sectors and geographies, including the establishment of GPT's second wholesale fund.

(a) Retail portfolio
On 30 March 2007, GPT established its second wholesale fund - the GPT Wholesale Shopping Centre Fund (GWSCF). The Trust received cash proceeds of $1.2 billion on 30 March 2007 by way of a capital reduction in respect of its units in GWSCF upon entry of the new wholesale investors. These proceeds were initially used to retire existing debt. This enhanced GPT's capacity to fund its significant development pipeline, capital commitment to GPT's joint venture arrangement with Babcock & Brown and to further invest in future opportunities across GPT's investment portfolio. The Trust currently owns 39.92% of the GWSCF.

The retail portfolio delivered an increase in income (on a comparable basis) for the year, reflecting improved returns from recently completed development and the benefit of active asset management. The first stage of the Rouse Hill Town Centre opened during the year.

Revaluations across the portfolio and GPT's interest in the GWSCF resulted in a net revaluation increase of $246.8 million.

(b) Office portfolio
The Office portfolio delivered an increase in income (on a comparable basis after taking into account the establishment of the GPT Wholesale Office Fund which occurred in July 2006) for the year of 6.3%, reflecting the benefit of significant leasing across the portfolio and the strength of Australia's office markets. The portfolio was expanded with the completion of a new office building, 818 Bourke Street, Melbourne.

Revaluations across the portfolio and GPT's interest in GPT Wholesale Office Fund (GWOF) resulted in a net revaluation increase of $460.8 million.

(c) Industrial portfolio
The Industrial portfolio was expanded during 2007 with the completion of Quad 4, Sydney Olympic Park, NSW, a facility for Linfox at the Austrak Business Park, Somerton, Victoria and an expansion of a facility at Kings Park, NSW.

The Portfolio delivered an increase in income (on a comparable basis) for the year of 3.7%. Revaluations across the Portfolio resulted in a net revaluation increase $24.2 million.

(d) Hotel & Tourism portfolio
Comparable income from the Hotel Portfolio demonstrated a slight decrease on the previous year, largely as a result of trading at Ayers Rock Resort which was negatively impacted by reduced international tourism over the period.

(e) Seniors Housing portfolio
As the initial acquisition occurred in late December 2006, this is the first year of profits for Benchmark. In October 2007, GPT through its interests in Benchmark GPT LLC and B-VII Operations Holding Co LLC, completed its second acquisition of a 95% interest in a further 11 freehold and 4 leasehold communities in the New England region in the United States of America for USD$265 million (AUD $295 million), including acquisition costs. These properties are managed by Benchmark Assisted Living LLC, in which GPT has a 20% interest.

(f) Funds management portfolio
Australian platform
GPT's Australian Funds Management business was expanded with additional acquisitions undertaken in the GWOF and the establishment of the GWSCF in March 2007.

The GWOF acquired three additional assets, and secured further growth with an agreement to acquire workplace6, a development being undertaken by GPT in Sydney. The Fund now owns a $3.0 billion portfolio of office assets and delivered significant outperformance for investors in 2007.

On 30 March 2007, GPT established the GPT Wholesale Shopping Centre Fund (GWSCF). The Fund, which was launched with a $1.9 billion portfolio of retail assets, was expanded in 2007 with the acquisition of the Berkelouw Complex in Sydney. At 31 December 2007, the Fund's Portfolio had a value of $2.1 billion.

European platform
In line with GPT's strategy, the following acquisitions during the financial year provide GPT with a highly scaleable platform in Europe to build both asset management and funds management opportunities:

(i) Acquisition of Halverton Real Estate Investment Management Limited
The Group agreed to terms with the joint venture arrangement with Babcock & Brown and Halverton Real Estate Investment Management Limited (Halverton) to acquire 100% of Halverton for cash consideration of euro €53.2 million (AUD$84.9 million) in two separate tranches, as detailed below:

1. in June 2007, Halverton management, who own 50% of Halverton's share capital, agreed to sell their shares to GPT UK Limited. The acquisition was completed on 10 July 2007. The purchase consideration was euro €32.6 million (AUD $51.7 million) for ordinary equity and euro €5.0 million (AUD $7.9 million) for an additional cash injection, and

2. BGP (UK) Investments Limited owned the remaining 50% of Halverton shares. BGP (UK) Investments Limited was 50% owned by GPT UK Limited, a wholly owned entity of the Group. GPT UK Limited acquired the remaining 50% interest in BGP (UK) Investments Limited on 29 November 2007 for euro €15.6 million (AUD $25.3 million).

Halverton, which has been rebranded as GPT Halverton, is a pan European investment and asset management company now employing 160 people and operating in the United Kingdom, France, The Netherlands, Germany, Sweden and Denmark. It has assets under management of over Euro €2.0 billion (AUD$3.3 billion).

DIRECTORS' REPORT
For the year ended 31 December 2007

1.2 Review of Operations (continued)

(f) Funds management portfolio (continued)
(ii) Acquisition of Hamburg Trust
On 3 July 2007, GPT acquired a 60% interest in the ordinary shares of the Hamburg Trust Grundvermogen und Anlage GmbH and its controlled entities (Hamburg Trust) from BGP Investments SARL, an entity owned 50% by GPT through the joint venture arrangement with Babcock & Brown, for cash consideration of Euro €0.3million (AUD$0.5 million).

The Hamburg Trust is a start up German closed-end funds management business which employs 15 people and undertakes property, asset and investment management activities. GPT acquired a further 20% interest in Hamburg Trust on 9 November 2007 bringing GPT's ownership interest to 80%.

(g) Joint Venture (with Babcock & Brown) portfolio
Changes to GPT's joint venture with Babcock & Brown (JV) were announced in June 2007, introducing an investment term of five years (from July 2007), with a divestment period of up to three years. GPT will begin to redeem a portion of its preferred capital ($163 million annually) from 1 January 2009. A revised fee structure, which incorporates lower acquisition fees, and introduces base fees and incentive fees linked to the achievement of GPT's return on equity targets was introduced.

The JV met its targeted return of 9.7% (pre-tax) on GPT's equity in 2007.

(h) Developments
GPT's development opportunities continued to progress over the year with the completion of: the first stage of the Rouse Hill Town Centre in the Retail Portfolio in September; Quad 4 and facilities at Somerton, Victoria and Kings Park, NSW in the Industrial/Business Park Portfolio and 818 Bourke Street, Melbourne, Victoria in the Office Portfolio.

The Group also announced plans to develop a major new CBD retail centre in Newcastle, NSW and plans were progressed with the approval of a development application for a major expansion of Charlestown Square, NSW.

(i) Capital Management

Highlights
At 31 December 2007,
- GPT's percentage of debt to total tangible assets is 36.3% (Dec 2006: 35.8%)
- Weighted average length of debt is 3.7 years (Dec 2006: 2.2 years)

Liquidity
On 26 October 2007, GPT raised a €2.01 billion multi-option syndicated facility. The facility, which attracted participation from 24 domestic and offshore banks, was oversubscribed, resulting in GPT raising well above the €1.5 billion originally sought. The margins (above the benchmark rate for the relevant currency and tenor at the time funds are drawn) were in line with GPT's expectations in the prevailing environment that existed at October 2007 of a minimal increase, with the average margin across GPT's debt increasing by 0.0024 basis points. There was no material change to fees under the facility.

A profile of GPT's debt finance is set out in note 17 of the financial statements.

Equity issues
GPT introduced the Distribution Reinvestment Plan (DRP) in March 2007. The DRP first applied to the March 2007 quarterly distribution, which was paid on 25 May 2007, and has subsequently been applied to the June and September quarterly distributions. The DRP will also apply to the December 2007 quarterly distribution.

Under the terms of the DRP, eligible securityholders are able to elect to reinvest all or part of their quarterly distribution in additional stapled securities, free of any brokerage or other transaction costs, rather than being paid in cash. Securities are issued and/or transferred at a predetermined price, less any discount that the Directors may elect to apply from time to time. The DRP issue price is based on the arithmetic average of the daily volume weighted average price of GPT Group stapled securities traded on the Australian Securities Exchange for the ten business days preceding the relevant quarterly distribution record date, adjusted to an ex-dividend rate, less a 1.5% discount rounded to the nearest cent.

GPT also entered into an underwriting agreement on 17 October 2007. Under this agreement, GPT has the option to elect before each quarterly distribution payment whether to have that distribution underwritten. The terms of this agreement provide that the underwriter fully underwrites distribution payments from October 2007 in exchange for GPT stapled securities of the securityholders who had not elected to participate in the DRP. The stapled securities are to be issued at the same price as securities issued under the DRP to other GPT securityholders.

At 31 December 2007, 22,219,109 new stapled securities relating to the distribution for the September 2007 quarter were issued under the underwriting agreement. The March 2007 and June 2007 quarter DRPs were not underwritten.

Treasury policy
GPT has a treasury function responsible for managing GPT's financing, currency and interest rate risks. The treasury division operates within policies set by the Treasury Risk Management Committee which reports to the Audit and Risk Management Committee. The Treasury Risk Management Committee is directly responsible for ensuring management's actions are in line with GPT policy.

DIRECTORS' REPORT

For the year ended 31 December 2007

1.3 Distributions

Total distributions paid/payable to stapled securityholders for the financial year ended 31 December 2007 totalled $597.0 million (Dec 2006: $559.8 million). This represented an annual distribution of 28.9 cents (Dec 2006: 27.5 cents). Included within this annual distribution is the distribution of 7.3 cents ($153.3 million) in respect of the quarter ended December 2007, which is expected to be paid on 28 March 2008. Further detail on quarterly distributions are set out in note 3 of the financial statements.

1.4 Significant Changes in State of Affairs

In the opinion of the Directors, there were no significant changes in the state of the affairs of GPT during the financial year other than those set out in Section 1.2 Review of Operations and Section 1.2(i) Capital Management of this report.

1.5 Likely Developments and Expected Results of Operations

The likely developments in GPT's operations in future financial years and the expected results of those operations are described in Section 1.2 Review of Operations. In the opinion of the Directors, disclosure of any further information would be likely to result in unreasonable prejudice to GPT.

1.6 Environmental Regulation

GPT has policies and procedures in place that are designed to ensure that where operations are subject to any particular and significant environmental regulation under a law of Australia (for example property development and property management), those obligations are identified and appropriately addressed. This includes obtaining and complying with conditions of relevant authority consents and approvals and obtaining necessary licences. GPT is not aware of any breaches of any environmental regulations under the laws of the Commonwealth of Australia or of a State or Territory of Australia and has not incurred any significant liabilities under any such environmental legislation.

The GPT Group complied with the Energy Efficiency Opportunities program relevant for 2007 and has submitted an Assessment and Reporting Schedule within the legislative deadline of 31 December 2007. During 2008, GPT will undertake assessments for relevant sites across its Australian divisions of Retail, Office and Hotel & Tourism.

More information about the GPT Group's participation in the Energy Efficiency Opportunities program is available at www.gpt.com.au

1.7 Events Subsequent to Reporting Date

The Directors are not aware of any matter or circumstance occurring since 31 December 2007 not otherwise dealt with in the financial report or at Section 1.3 above that has significantly or may significantly affect the operations of GPT, the results of those operations or the state of affairs of GPT in subsequent financial years.

DIRECTORS' REPORT
For the year ended 31 December 2007

2. DIRECTORS AND SECRETARY

2.1 Directors
The Directors of GPT Management Holdings Limited and GPT RE Limited at any time during or since the end of the financial year are:

(i) Chairman - Non-executive Director
Peter Joseph

(ii) Non-Executive Directors
Eric Goodwin
Malcolm Latham
Ian Martin
Anne McDonald
Ken Moss
Elizabeth Nosworthy

(iii) Executive Director
Nic Lyons

2.2 Information on Directors

Peter Joseph OAM - Chairman
Mr Joseph was appointed to the Board on 30 April 2003. Mr Joseph is a career investment banker and an experienced company director who had a close involvement with the BT Financial Group for over 30 years. Mr Joseph was a Director of the responsible entities of a number of BT funds including some of the BT property trusts. Mr Joseph was also a Director of the Peter Kurts Properties Group for 12 years. Mr Joseph is currently the Chairman of Dominion Mining Limited. Mr Joseph is also Chairman of the St James Ethics Centre and the Black Dog Institute and, until September 2004, was the Chairman of the St Vincent's and Mater Hospitals in Sydney. In 2000, Mr Joseph was awarded a Medal in the Order of Australia. Mr Joseph holds a Bachelor of Commerce degree and a Masters degree in Business Administration. Mr Joseph is a fellow of the Australian Institute of Company Directors. Mr Joseph is a member of the Nomination and Remuneration Committee.

Nic Lyons - Chief Executive Officer & Managing Director
Mr Lyons was appointed CEO of GPT in October 2000 and has more than 25 years experience in the property and property funds management industries in Australia and overseas. His long career in the property industry has included roles with entities such as ING, where he was General Manager of Listed Property Trusts, and Lend Lease Real Estate Investments where he was CEO – Real Estate Investments. Mr Lyons is National President of the Property Council of Australia.

Eric Goodwin
Mr Goodwin was appointed to the Board on 21 November 2004. Mr Goodwin is a Non-Executive Director of Eureka Funds Management Limited, Lend Lease Global Properties SICAF and AMPCI Macquarie Infrastructure Management No 2 Limited (responsible entity of Diversified Utility and Energy Trust No. 2). Mr Goodwin joined Lend Lease in 1963 as a cadet engineer and during his 42 year career with Lend Lease held a number of senior executive and subsidiary board positions in the Australian operation, the US and he was the inaugural manager of the group's Asian operations. Mr Goodwin has experience in design construction and project management, general management and funds management. His experience includes fund management of the MLC Property Portfolio during the 1980s and he was the founding Fund Manager of the Australian Prime Property Fund. Mr Goodwin is a member of the Audit and Risk Management Committee and Corporate Responsibility Committee.

Malcolm Latham AM
Mr Latham was appointed to the Board on 21 January 1992 and is currently a director of the Hornery Institute which works throughout Australia. The Institute partners with developers, communities and their governments to enhance the quality of life and the places in which people live, learn, work and play. Prior to this Mr Latham was Chairman of the South Sydney Development Corporation and Chairman of a joint venture for the redevelopment of the Auckland Harbour waterfront. He has extensive international experience in urban planning and development. Mr Latham holds degrees in Architecture and Urban Planning and was awarded the Order of Australia in 1990 for his work as Executive Chairman of the National Capital Development Commission, Canberra. Prior to joining the GPT Board, Mr Latham was a senior executive in Lend Lease Corporation. Mr Latham chairs the Corporate Responsibility Committee and is a member of the Nomination and Remuneration Committee.

Ian Martin
Mr Martin was appointed to the Board on 2 June 2005. Mr Martin is currently a Non-Executive Director of Babcock & Brown Limited, Argo Investments Limited and St Vincent's and Mater Health Sydney Limited. Mr Martin is a former Chief Executive Officer of the BT Financial Group and Global Head of Investment Management and Member of the Management Committee of Bankers Trust Corporation. Mr Martin spent eight years as an economist with the Australian Treasury, Canberra, and was the inaugural Chairman of the Investment and Financial Services Association. Mr Martin is Chair of the Nomination and Remuneration Committee.

Anne McDonald
Ms McDonald was appointed to the Board on 2 August 2006. Ms McDonald is currently a Non-Executive Director of Speciality Fashion Group Limited, Westpac's Life and General Insurance companies, Health Super and Sisters of Charity Health Services. Ms McDonald is a chartered accountant and was previously a partner of Ernst & Young for fifteen years specialising as a company auditor and advising multinational and Australian companies on transaction due diligence, risk management and accounting issues. She was a Board Member of Ernst & Young Australia for seven years and a previous Director of the Private Health Insurance Administration Council and St Vincent's and Mater Health Sydney Limited. Ms McDonald is Chair of the Audit and Risk Management Committee.

Ken Moss
Dr Moss was appointed to the Board on 7 August 2000. Dr Moss is a Director of Macquarie Capital Alliance Group, Chairman of Boral Limited and Centennial Coal Company Limited and is a board member of the Australian Brandenburg Orchestra. Prior to August 2000, Dr Moss was Managing Director of Howard Smith Limited. Dr Moss is a member of the Audit and Risk Management Committee.

DIRECTORS' REPORT

For the year ended 31 December 2007

2.2 Information on Directors (continued)

Elizabeth Nosworthy AO

Ms Nosworthy was appointed to the Board on 18 March 1998 and is currently Deputy Chairman of Babcock & Brown Limited and the Chairman of Commander Communications Limited and Queensland Water Commission. Ms Nosworthy is a Director of Ventracor Limited and is an Adjunct Professor of Law at the University of Queensland. Previously, Ms Nosworthy was a commercial partner in a national law firm where she specialised in financing work including infrastructure financing. Ms Nosworthy is a Fellow of the Australian Institute of Company Directors and has held a wide range of directorships in both the private and the public sectors. Ms Nosworthy is a member of the Corporate Responsibility Committee.

Company Secretary - James Coyne

Mr Coyne is responsible for the legal, compliance, risk management and company secretarial activities of GPT. He was appointed the General Counsel/Company Secretary of GPT in 2004. Previous experience includes company secretarial and legal roles in construction, infrastructure and the real estate funds management industry (listed and wholesale). Mr Coyne holds a Bachelor of Arts and Bachelor of Laws (Hons) from the University of Sydney.

2.3 Attendance of Directors at Meetings

The number of Board meetings, including meetings of Board Committees, held during the financial year and the number of those meetings attended by each Director is set out below:

	Board		Audit and Risk Management Committee		Nomination and Remuneration Committee		Corporate Responsibility Committee	
	Meetings Attended	Meetings Held	Meetings Attended	Meetings Held	Meetings Attended	Meetings Held	Meetings Attended	Meetings Held
Peter Joseph	13	14	-	-	7	7	-	-
Eric Goodwin	14	14	6	6	-	-	3	3
Malcolm Latham	12	14	-	-	7	7	3	3
Nic Lyons	14	14	-	-	-	-	-	-
Ian Martin**	12	12	-	-	7	7	-	-
Anne McDonald	14	14	6	6	-	-	-	-
Ken Moss	12	14	5	6	-	-	-	-
Elizabeth Nosworthy **	12	12	2*	2	-	-	3	3

E.Nosworthy stepped down from the Audit and Risk Management Committee in April 2007.

** I. Martin and E. Nosworthy were not invited to two meetings of the Board pursuant to GPT's policies with respect to conflict.

2.4 Directors' Relevant Interests

The relevant interests of each Director in GPT stapled securities as at the date of this Report are shown below:

	Number of GPT Stapled Securities
Peter Joseph	50,000
Eric Goodwin	11,775
Malcolm Latham	13,195
Nic Lyons	1,169,115
Ian Martin	51,241
Anne McDonald	10,500
Ken Moss	26,241
Elizabeth Nosworthy	6,537

2.5 Directors' Directorships of Other Listed Companies

Details of all directorships of other listed entities held by each Director during the three years preceding 31 December 2007 and the period for which each directorship has been held are set out below:

Director	Directorship of Listed Entity	Period held
Peter Joseph	Dominion Mining Limited	1980 to present
Eric Goodwin	Nil	NA
Malcolm Latham	Nil	NA
Nic Lyons	Nil	NA
Ian Martin	Babcock & Brown Limited	2004 to present
	Argo Investments Limited	2004 to present
Anne McDonald	Speciality Fashion Group Limited	2007 to present
Ken Moss	Macquarie Capital Alliance Group (comprising Macquarie Capital Alliance Limited, Macquarie Capital Alliance Management Limited and Macquarie Capital Alliance Bermuda Limited)	2005 to present
	Boral Limited	1999 to present
	Centennial Coal Company Limited	2000 to present
	National Australia Bank Limited	2000 to 2004
	Adsteam Marine Limited	2001 to 2007
Elizabeth Nosworthy	Babcock & Brown Limited	2004 to present
	Commander Communications Limited	2003 to present
	Stanwell Corporation Limited	2001 to 2006
	Ventracor Limited	2002 to present
	Prime Infrastucture Management Limited	2002 to 2004

DIRECTORS' REPORT
For the year ended 31 December 2007

3. REMUNERATION REPORT

This report outlines GPT's remuneration philosophy and practices together with details of the specific remuneration arrangements that apply to Directors, key management personnel as defined in AASB 124 *Related Party Disclosures* and to the five named executives as defined in section 300A of the *Corporations Act 2001* (collectively 'Senior Executives').

3.1 The Nomination and Remuneration Committee
The GPT Board has established a Nomination and Remuneration Committee to, inter alia, review and make recommendations to the Board on:

- remuneration policies (including performance management and short and long term incentive schemes) applicable to GPT employees
- the Chief Executive Officer's performance and remuneration
- remuneration policies and packages applicable to Board members.

The Nomination & Remuneration Committee consists of three Non-Executive Directors:

- Ian Martin (Chairman)
- Peter Joseph
- Malcolm Latham

Further information about the role and responsibility of the Nomination and Remuneration Committee is set out in its Charter which is available on GPT's website (www.gpt.com.au)

The Chief Executive Officer reviews the performance and remuneration of Senior Executives and makes recommendations on these to the Nomination and Remuneration Committee. The Chief Executive Officer's recommendations recognise the differing experience, responsibilities, skills and contributions of executives as well as other market influences that may affect their total remuneration packages. If endorsed by the Nomination and Remuneration Committee, total remuneration packages for these executives are recommended to the Board for approval.

3.2 Remuneration – Senior Executives

GPT's Remuneration Philosophy
GPT's remuneration philosophy is focussed on the objective of achieving outstanding business performance by creating clear and direct links between the individual executive's performance and their Total Remuneration and the business performance of GPT. This is achieved by a combination of:

- research of remuneration market practices and benchmarks in the countries in which GPT has employees
- a mixture of both fixed and variable or 'at risk' pay, with both short and long term incentive components driven off challenging financial and non-financial key performance indicators (KPIs)
- a rigorous performance management system which clearly establishes GPT's expectations of employees and the potential rewards of superior performance, and
- the use of GPT stapled securities to create an ownership culture and create direct alignment of executive and securityholder interests.

GPT's Remuneration Strategy
In designing GPT's remuneration strategy and policies, the Board has sought to achieve an approach which:

- is transparent
- is fair and market competitive
- satisfies the interests of all stakeholders by aligning executive remuneration with the achievement of strategic objectives – including the achievement of superior returns for stapled securityholders
- attracts, aligns, retains and motivates superior talent at all levels by adequately rewarding contribution to value creation and the execution of GPT's business strategy.

Total Remuneration Package Composition
GPT aims to pay market competitive Total Remuneration packages comprising:

- Base Salary (fixed) – this is generally positioned around market median against comparable LPT sector peers on the basis of annual benchmarking. Base salaries are reviewed annually, although they may also be reviewed when there is a significant change in an employee's responsibilities, for example, in the case of a promotion.

- Short Term Incentives (STIs) (variable) – GPT provides opportunities for executives to receive short-term incentive awards on an annual basis. STI opportunities are expressed as a percentage of Base Salary and are determined by calendar year performance against agreed financial and non-financial KPIs.

- Long Term Incentives – (LTIs) (variable) – GPT executives may receive LTI awards if the GPT Group performance meets certain financial KPIs measured over three years.

Individuals may receive Total Remuneration (i.e. Base salary plus STI plus LTI) in the top quartile of the market in a particular year only if various financial and non-financial KPIs are achieved.

For the Chief Executive Officer and other key management personnel the variable or 'at risk' components of Total Remuneration are greater than at other levels of the business. The percentage mix of fixed and variable components of Total Remuneration for the Chief Executive Officer and other Senior Executives is disclosed in Table A below.

DIRECTORS' REPORT
For the year ended 31 December 2007

3. Remuneration Report (continued)

Table A – Fixed and variable components of Total Remuneration

Senior Executives	Position	Base Salary (fixed)	Variable or "At Risk" Remuneration[1] STI	LTI
Nic Lyons	Chief Executive Officer	**22.0%**	**35.0%**	**43.0%**
Michael O'Brien	Chief Operating Officer	**25.0%**	**37.5%**	**37.5%**
Kieran Pryke	Chief Financial Officer	**34.0%**	**33.0%**	**33.0%**
Neil Tobin	General Manager - Joint Venture	**34.0%**	**33.0%**	**33.0%**
Jonathan Johnstone	Head of Europe	**31.0%**	**38.0%**	**31.0%**
Mark Fookes	Head of Retail	**34.0%**	**33.0%**	**33.0%**
Nicholas Harris	Head of Wholesale	**29.0%**	**42.0%**	**29.0%**
James Coyne	General Counsel/Secretary	**38.0%**	**31.0%**	**31.0%**

1 The percentage of each component of total remuneration is calculated with reference to stretch performance outcomes (ie the theoretical maximum possible remuneration the individual can achieve) in both STI and LTI – for more information on performance measurement levels see the following sections on short and long term incentives.

External Benchmarking of Total Remuneration
To set appropriate Total Remuneration opportunities for GPT executives the Nomination and Remuneration Committee commissions annual benchmarking by an external expert. The benchmarking considers comparable roles in GPT's competitors & peers both in the LPT sector and the broader ASX 200, with the greatest weighting being applied to LPT sector based comparisons. The Nomination and Remuneration Committee and the Chief Executive Officer may also draw on information available in published job matched surveys of industry peers.

GPT's Performance Management System and Short Term Incentives (STI) (variable component)
A uniform performance management system is used across the GPT Group which provides all employees with clear financial and personal performance objectives and drives STIs on an annual basis.

Although the performance criteria may be different for each executive, the principles are similar and involve assessment of performance across the following areas:

- financial (in relation to GPT Group financial performance, GPT Group Corporate Responsibility objectives*, and the individual's fund/portfolio/business unit) - achievement of earnings, return on equity and other relevant financial targets
- personal - achievement of personal objectives related to specific non-financial business targets such as achieving strategic outcomes, operational improvement, performance enhancement and personal and staff development
- values - achievement of performance consistent with the GPT Values ingrained as part of the GPT Group culture. Failure to perform consistently with Group Values may remove eligibility for STI.

To ensure that the appropriate performance objectives are being set and that there is an alignment of effort with key deliverables of GPT's business strategy, the Chief Executive Officer's performance objectives are set by the Board annually and from there are cascaded into the business via the performance objectives of all executives and employees.

The STI percentage and its allocation between financial and personal goals depends upon each executive's ability to influence particular outcomes of GPT's objectives as well as the executive's seniority and accountability.

The actual STI award for an executive is determined by assessment of the executive's performance against specific objectives and relative to various measurement levels (threshold, target and stretch in the case of financial goals). No STI award is made for a particular goal if performance falls below a minimum threshold level.

STI awards may be received in a number of ways:
- cash
- salary sacrificed to superannuation and other approved benefits.

Table D shows the STI award payable to the key management personnel in March 2008 in relation to their performance for the financial year ended 31 December 2007.

Long Term Incentives (LTI) (variable component)
Following approval at the Annual General Meeting on 18 April 2006, the Board implemented a LTI scheme for Senior Executives.

The LTI scheme is designed to:
- provide Senior Executives with a long-term incentive to create value for stapled securityholders, thereby aligning their interests more closely
- provide a means through which Senior Executives can participate, over the longer term, in the ongoing success of GPT
- attract, align, retain and motivate key executives.

Prior to 1 July 2006, stapled securities listed on the Australian Securities Exchange such as those issued by GPT were not included under the definition of ordinary securities eligible for the tax deferral and tax exemption concessions in Division 13A of the *Income tax Assessment Act 1936*. As a result, loan based schemes were considered best practice and particularly relevant in the Listed Property Trust sector where the regular distributions were used in the scheme design to pay down the loan.

* A notable change in the 2007 financial year was that GPT introduced a uniform minimum weighting of all individuals' STI to be allocated to Corporate Responsibility objectives and performance.

DIRECTORS' REPORT
For the year ended 31 December 2007

3. Remuneration Report (continued)

As a result, the LTI scheme consists of a loan to enable nominated employees to acquire GPT stapled securities under GPT's Employee Incentive Scheme. The loan to purchase GPT stapled securities is full recourse[**] and of no fixed term. After deducting amounts for employee income tax from the gross distributions of GPT stapled securities, net distributions are applied to the loan. The loan is subject to interest calculated at GPT's funding cost, which in 2007 was 5.9% (2006: 5.6%). While the loan remains outstanding, the GPT stapled securities will not be able to be transferred or otherwise dealt with. If the employee leaves GPT, the loan must be repaid (either by the sale of securities or some other source of funds).

The Board, on the recommendation of the Nomination and Remuneration Committee, determines those executives eligible to participate in the LTI scheme and, for each participating executive, their potential LTI award and loan amount, calculated by reference to a percentage of their base salary. Subject to performance over a three-year period, the LTI award will be applied against the outstanding loan (after deductions for interest and Fringe Benefits Tax (FBT)).

The performance conditions that give rise to a LTI award are determined annually by the Board (refer Table B), are tested at the end of each applicable three year period and LTI awards and accruals are disclosed in GPT's Remuneration Report (refer Table D). If below threshold performance for a particular performance condition is achieved at the end of the three-year period, no portion of the LTI allocated to that performance condition would be awarded. For performance above the threshold level, pro-rated awards will occur up to stretch outcomes. Where an LTI award is made, the interest attributable to the loan (the loan cost) will first be deducted from that amount. If the total LTI award is insufficient to cover the loan cost, that part of the remaining loan cost will be capitalised and added to the loan amount. Where the LTI award is greater than the cost of the loan, GPT will waive the amount of the loan equal to the remainder of the LTI award after deducting the amount payable by GPT for FBT.

LTI awards will be made subject to ongoing employment and as such are a critical component of GPT retention strategies.

GPT has offered employees participation in LTIs under this scheme annually, the first commencing in 2006 and the second in 2007. The performance condition hurdles and GPT's performance against them as at 31 December 2007 are summarised in Table B below. The overall operation of the LTIs and the positions of participating disclosed senior executives as at 31 December 2007 are detailed in Table C.

2006 and 2007 LTI Performance Conditions
In designing the LTI performance conditions, the Board determined that it was important to devise performance conditions that provided a direct link to GPT's distributions and their rate of growth, which in turn are performance drivers of total stapled securityholder return. The Board also considered that external benchmarking against an applicable LPT Index was required.

The Board believes that these requirements have been met through adopting the LTI performance measures of Growth in Earnings per GPT stapled security, Return on Contributed Equity and Performance relative to the S&P ASX 200 Listed Property Trust Index (excluding GPT). The performance conditions, hurdles and weightings were approved by securityholders at the 2006 and 2007 Annual General Meetings. The current state of GPT's performance against each metric is set out in Table B.

[**] At the discretion of the Board, the loan and outstanding interest on the loan may be waived on retirement of the employee, on death or total permanent disability of the employee, on redundancy without cause of the employee or on takeover of GPT.

DIRECTORS' REPORT

For the year ended 31 December 2007

3. Remuneration Report (continued)

Table B – LTI Performance Conditions

LTI Performance Measurement Period	Performance Condition	Performance Condition Hurdle	Weighting	GPT Group Performance as at 31 December 2007	% of Maximum LTI Award Accrued per Executive[2]
2006 LTI Scheme					
2006 – 2008	Growth in Earnings per GPT stapled security will be measured as the percentage increase in earnings per GPT stapled security. EPS is the base earnings per security adjusted for significant items and other items determined by the Board and as disclosed in GPT's Income Statement for the financial years ended 31 December 2006, 2007 and 2008.	If EPS growth is below 6.2% on average over the three year period, no part of LTI available for this performance measure will be awarded. If EPS growth is above 6.2%, pro- rated awards will occur up to a stretch outcome of 7.5%. [1]	50%	9.75%	80%
	Return on contributed equity measures the total return on equity employed and takes into account both capital appreciation of the assets of GPT and cash distributions of income.	If RoE is below 8.5% on average over the three year period, no part of the LTI available for this performance measure will be awarded. If RoE is above 8.5%, pro-rated awards will occur up to a stretch outcome of 12.5%.	30%	22%	
	Performance relative to Listed Property Trust Index (LPT Index). A LPT Index award may be granted if GPT outperforms against the S&P ASX 200 Listed Property Trust Index. Due to the size of GPT within this Index, GPT and its performance is excluded for the purpose of calculating the LPT Index and its performance.	Below Index performance, no part of the total LTI available for this performance measure will be awarded. Above Index performance, pro-rated awards will occur up to the stretch outcome of 2% outperformance. The Board may substitute another Index if there is a material change in the composition of the LPT Index during the measurement period.	20%	-2.3% [3]	
2007 LTI Scheme					
2007-2009	Growth in Earnings per GPT stapled security will be measured as the percentage increase in earnings per GPT stapled security. EPS is the base earnings per security adjusted for significant items and other items determined by the Board and as disclosed in GPT's Income Statement for the financial years ended 31 December 2007, 2008 and 2009.	If EPS growth is below 4% on average over the three year period, no part of LTI available for this performance measure will be awarded. If EPS growth is above 4%, pro-rated awards will occur up to a stretch outcome of 6%.	50%	7%	80%
	Return on contributed equity measures the total return on equity employed and takes into account both capital appreciation of the assets of GPT and cash distributions of income.	If RoE is below 8.5% on average over the three year period, no part of the LTI available for this performance measure will be awarded. If RoE is above 8.5%, pro-rated awards will occur up to a stretch outcome of 12.5%.	30%	17.8%	
	Performance relative to Listed Property Trust Index (LPT Index). A LPT Index award may be granted if GPT outperforms against the S&P ASX 200 Listed Property Trust Index. Due to the size of GPT within this Index, GPT and its performance is excluded for the purpose of calculating the LPT Index and its performance.	Below Index performance, no part of the total LTI available for this performance measure will be awarded. Above Index performance, pro-rated awards will occur up to the stretch outcome of 2% out performance. The Board may substitute another Index if there is a material change in the composition of the LPT Index during the measurement period.	20%	-15% [3]	

1 This performance hurdle recognised the one off uplift averaged over three years in Growth in Earnings per GPT stapled security embedded in the internalisation proposal.

2 As an example, under the 2006 LTI Scheme Nic Lyon's maximum LTI award potential is $1,297,500. Based on GPT's performance against the 2006 LTI Scheme Performance Condition Hurdles as at 31 December 2007, the Percentage of Maximum LTI Award Accrued per Executive was 80%, a potential award of $1,038,000 at the end of the scheme. This potential award is then divided by three to match the three year life of the scheme under accrual accounting to result in an LTI award accrual of $346,000. A similar process is followed to determine the amount that should be accrued for the 2007 LTI Scheme, and the figures combined for the 31 December 2007 LTI Award Accrual in Table D. It should be noted that the dollar amounts specified are accruals only and no LTI award will be made under the 2006 or 2007 LTI Schemes if the performance hurdles specified above are not met or exceeded at the end of the 2006-2008 and 2007-2009 periods respectively.

3 Based on a rolling three year average.

DIRECTORS' REPORT
For the year ended 31 December 2007

3. Remuneration Report (continued)

Set out below are details of the operation of the LTI scheme in 2006 and 2007 for Senior Executives:

Table C - 2007 and 2006 LTIs for Senior Executives

Senior Executives	LTI Scheme	Loans granted under LTI scheme	GPT stapled security purchase price	Number of securities acquired under LTI scheme	Total net distributions applied to loans since issued	Closing loan balance	GPT stapled security price at	Total net value of employee equity at [1]	LTI Scheme award accrual [2]	Total accumulated interest costs as at [3]
						31 Dec 2007	31 Dec 2007	31 Dec 2007	31 Dec 2007	31 Dec 2007
N. Lyons	**2007**	**2,223,997**	**5.11**	**434,999**	**207,592**	**4,891,401**	**4.04**	**(370,177)**	**864,833**	**325,084**
Chief Executive Officer	2006	2,874,997	4.20	684,116					432,500	
M. O'Brien	**2007**	**1,301,977**	**5.11**	**254,658**	**95,114**	**2,440,195**	**4.04**	**(225,734)**	**391,000**	**151,926**
Chief Operating Officer	2006	1,233,333	4.20	293,476					185,000	
K. Pryke	**2007**	**403,235**	**5.11**	**78,870**	**69,018**	**1,389,771**	**4.04**	**(56,397)**	**255,001**	**104,542**
Chief Financial Officer	2006	1,055,554	4.20	251,173					158,333	
N. Tobin	**2007**	**570,689**	**5.11**	**111,623**	**65,409**	**1,449,724**	**4.04**	**(90,842)**	**251,666**	**101,060**
General Manager Joint Venture	2006	944,444	4.20	224,734					141,667	
J. Johnstone [4]	**2007**	**218,453**	**5.11**	**42,728**	**48,180**	**925,828**	**4.04**	**(26,867)**	**174,668**	**72,315**
Head of Europe										
M. Fookes	**2007**	**484,347**	**5.11**	**94,735**	**69,126**	**1,448,552**	**4.04**	**(72,447)**	**259,667**	**105,552**
Head of Retail	2006	1,033,331	4.20	245,885					155,000	
N. Harris	**2007**	**256,742**	**5.11**	**50,217**	**43,268**	**1,102,360**	**4.04**	**(129,351)**	**206,668**	**74,431**
Head of Wholesale	2006	888,887	4.66*	190,627					133,333	
J. Coyne	**2007**	**209,302**	**5.11**	**40,938**	**37,058**	**741,132**	**4.04**	**(28,852)**	**136,534**	**56,055**
General Counsel/ Secretary	2006	568,888	4.20	135,369					85,333	
B. Morris [5]	2006	877,221	4.20	208,738	**16,751**	**-**	**-**	**-**	**-**	**-**
Hotels PM										
Total		**15,145,397**		**3,342,886**	**651,516**	**14,388,963**		**(1,000,667)**	**3,831,203**	**990,965**

[1] Net value of employee equity at 31 December 2007 is determined by deducting the loan balance as at 31 December 2007 from the value of the securities held at the prevailing security price on that date of $4.04.

[2] Table B outlines GPT's performance against the performance conditions of the 2007 and 2006 LTI Schemes and the resulting actual dollar amount of the LTI award accrual by Senior Executive.

[3] Under the LTI Scheme rules, the interest is accumulated and applied to the loan balance at the time an LTI award is payable. If the LTI award is insufficient to cover the interest cost in whole or in part, then the unpaid interest is added to the loan balance. The total accumulated interest costs as at 31 December 2007 is the sum of accumulated interest on the loans since commencement of the LTI scheme, which is 2006 and 2007.

[4] J. Johnstone is part of the key management personnel in 2007.

[5] B. Morris is not part of the key management personnel for 2007.

* N. Harris commenced with GPT on 25 July 2006 and the GPT stapled securities allocated to him in the 2006 LTI Scheme were purchased later in 2006 than those obtained in the initial tranche and at the prevailing market price at the time.

GPT's Employee Incentive Scheme
Following approval at the Annual General Meeting on 18 April 2006, the Board implemented the GPT Employee Incentive Scheme which operates at two levels:

- an LTI Scheme for certain Senior Executives - discussed at page 10 ; and
- a General Scheme for all employees (other than Senior Executives who receive a Long Term Incentive).

The General Scheme was implemented to encourage and build a broad base of employee ownership of GPT stapled securities. It is the view of the Board that the cost of the General Scheme is more than offset by the significant benefits that flow to GPT from the establishment of an ownership culture within the general employee population and the impact of that culture in terms of GPT performance and alignment of employee and stapled securityholder interests.

Under the General Scheme, employees with a minimum of twelve months service in permanent salaried employment are offered the ability to participate up to a nominated percentage of their base salary (20%). The General Scheme is based on an interest free loan of no fixed term to enable employees to acquire GPT stapled securities. The net cost of the interest component is a cost to the business of implementing the scheme.

The loan must be used to acquire GPT stapled securities that are acquired by the Scheme Administrator on employees' behalf. GPT stapled securities in respect of which a loan is outstanding cannot be sold or transferred. Net distributions (deducting amounts required to pay tax) must be applied to reduce the loan. If an employee leaves GPT, the loan must be repaid either by the sale of the GPT stapled securities or by some other source of funds. For the year ended 31 December 2007, 306 employees participated in the General Scheme with total loans of $4,937,651.

DIRECTORS' REPORT

For the year ended 31 December 2007

3. Remuneration Report (continued)

Regulatory changes in 2007

As detailed above, the existing LTI scheme is loans based, reflecting tax law and market practices at the time of its design. However, amendments to the taxation legislation effective 1 July 2006 now mean that stapled securities listed on the Australian Securities Exchange such as those issued by GPT are included under the definition of ordinary securities in the Act and are eligible for the tax deferral and tax exemption concessions in Division 13A. Prior to 1 July 2006, these concessions only applied to ordinary securities and not to stapled securities.

The Nomination and Remuneration Committee has considered these regulatory changes and sought external expert advice in the context of the implications for competitive market practice and GPT's existing employee share schemes, including the LTI. At the time of writing, the following actions have been taken:

1. GPT's All Employee Stapled Security Plan (AESSP) – GPT is introducing an AESSP in March 2008. The AESSP is a tax exempt plan under which employees can salary sacrifice $1,000 per annum to purchase GPT stapled securities. GPT stapled securities acquired under the AESSP must be held for a minimum of three years (or earlier if employment ceases) during which time they cannot be sold or otherwise dealt with.
2. Initial advice has been obtained on market best practice in relation to the existing loan based LTI.
3. Initial advice has been obtained on the deployment of tax deferred GPT stapled security purchase schemes that would allow employees and Non-Executive Directors to further build their ownership position within GPT by way of salary sacrifice.

If the Nomination and Remuneration Committee of GPT decides to take further steps towards implementation of the above items 2 and 3, approval will be sought from GPT investors and details included in the Explanatory Memorandum to the Notice of Meeting for GPT's AGM in May 2008 or future AGMs.

Other Awards

Prior to the internalisation proposal being put to GPT Unitholders, the Board of GPT Management Limited, the former Responsible Entity of GPT (comprised of its Independent Directors) identified certain individuals critical to business continuity and the success of the internalisation for a retention payment to be made in July 2007 should the employees remain with GPT until that time. Details of amounts allocated to the retention referred above have been included in Table D under the heading 'Other Long Term Benefits – Retention'.

DIRECTORS' REPORT

For the year ended 31 December 2007

3. Remuneration Report (continued)

3.3 Details of Remuneration – Senior Executives

The nature and amount of each element of remuneration paid or accruing to GPT's Senior Executives for the current financial and comparative year is as follows:

Table D – Senior Executives' Remuneration

	Short term employee benefits				Post Employment		Other long term benefits		
	Salary & Fees	STI Bonus [1]	STI Adjust Bonus [2]	Non-Monetary [3]	Super-annuation	Retirement Benefits	LTI Award Accrual [4]	Retention [5]	Total
Senior Executives									
N. Lyons									
Chief Executive Officer									
31 December 2007	**1,143,809**	**808,160**	**-**	**1,749**	**12,908**	**-**	**864,833**	**297,172**	**3,128,631**
31 December 2006	835,390	692,000	270,156	3,696	41,366	-	432,500	675,392	2,950,500
M. O'Brien									
Chief Operating Officer									
31 December 2007	**724,439**	**465,847**	**-**	**1,839**	**12,908**	**-**	**391,000**	**221,922**	**1,817,955**
31 December 2006	540,741	277,500	126,131	1,921	12,413	-	185,000	504,527	1,648,233
K. Pryke									
Chief Financial Officer									
31 December 2007	**648,295**	**272,381**	**-**	**1,749**	**12,908**	**-**	**255,001**	**181,299**	**1,371,633**
31 December 2006	462,404	237,500	103,011	9,804	12,413	-	158,333	412,044	1,395,509
N. Tobin									
General Manager - Joint Venture									
31 December 2007	**698,251**	**269,350**	**-**	**1,749**	**12,908**	**-**	**251,666**	**176,142**	**1,410,066**
31 December 2006	410,511	212,500	90,072	2,624	12,413	-	141,667	400,324	1,270,111
J. Johnstone [6]									
Head of Europe									
31 December 2007	**943,791**	**228,588**	**-**	**2,000**	**12,908**	**-**	**174,668**	**-**	**1,361,955**
31 December 2006	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
M. Fookes									
Head of Retail									
31 December 2007	**692,528**	**378,332**	**-**	**1,749**	**12,908**	**-**	**259,667**	**188,942**	**1,534,126**
31 December 2006	448,078	232,500	78,934	3,259	40,833	-	155,000	429,416	1,388,020
N. Harris									
Head of Wholesale									
31 December 2007	**486,151**	**477,433**	**-**	**1,504**	**12,908**	**-**	**206,668**	**-**	**1,184,664**
31 December 2006	168,829	131,520	-	483	5,286	-	133,333	-	439,451
J. Coyne									
General Counsel/Secretary									
31 December 2007	**408,050**	**145,960**	**-**	**2,087**	**12,908**	**-**	**136,534**	**134,750**	**840,289**
31 December 2006	304,518	128,000	45,937	1,891	12,413	-	85,333	306,250	884,342
B. Morris [7]									
PM, Hotels									
31 December 2007	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
31 December 2006	378,276	197,375	76,657	26,090	12,413	-	131,583	383,289	1,205,683
Total									
31 December 2007	**5,745,314**	**3,046,051**	**-**	**14,426**	**103,264**	**-**	**2,540,037**	**1,200,227**	**12,649,319**
31 December 2006	3,548,747	2,108,895	790,898	49,768	149,550	-	1,422,749	3,111,242	11,181,849

No termination benefits were paid during the financial year.

[1] The STI Bonus amounts relate to STI attributable to performance in a particular calendar year. In the 2006 Annual Report, this amount was disclosed as STI Bonus Accrued as the final amounts had not been calculated.

[2] The STI Adjust Bonus amounts relate to STI paid to Senior Executives in the calendar year 2006, however the amounts specified were in relation to performance for the six months ended 31 December 2005. GPT has historically disclosed STI for the year preceding the annual report period, however in 2006 a decision was taken to adopt the practice of reporting on STI for the current calendar year. As a result, there is a one off impact in the above table where the STI disclosed for 2006 represents eighteen months of STI (i.e. both the STI Bonus and STI Adjust Bonus amounts) for the period 1 July 2005 to 31 December 2006.

[3] The amount set out under Non-monetary may include administration fees associated with membership of the GPT Group Superannuation Plan, Death & Total/Permanent Disability Insurance Premiums, and/or the taxable value of the benefit of discounted staff rates at Voyages Hotels & Resorts.

[4] The LTI Award Accrual for calendar year 2007 is a substantial increase on 2006 as it now includes gross award accruals under both the 2006 and 2007 LTI Schemes, which operate concurrently. While GPT Group performance against the LTI scheme performance conditions is the driver for the accrual, no award is made to executives unless performance conditions are met or exceeded at the end of the three year period, with the first such occasion at the end of calendar year 2008. It should be noted that participating executives incur an interest liability by participating in the LTI scheme which is either deducted from the gross award or, if the gross award does not cover the interest costs, capitalised onto the executive's loan. For example, while N. Lyons 2007 LTI award accrual is $864,833 he has also accumulated interest costs on his full recourse loan of $325,084 which must be deducted from any potential award. A better reflection of his overall total remuneration position would be to deduct the accumulated interest from the LTI award accrual and hence reduce his total compensation by $325,084 to $2,803,547.

[5] The amount set out in "Other Long Term Benefits - Retention" represents an accrual for part of the retention award that became payable on 30 June 2007. The total amounts payable in respect of this retention award were as follows: N. Lyons $1,350,783, M. O'Brien $1,009,054, K. Pryke $824,088, N. Tobin $800,647, M. Fookes $858,831 and J. Coyne $612,500.

[6] The salary & fees amount for J. Johnstone in 2007 includes a significant component associated with his expatriate assignment to the United Kingdom, including rental accommodation, school fees, cost of living adjustments and relocation costs. J. Johnstone was not part of the key management personnel prior to 2007.

[7] B. Morris is not part of the key management personnel in 2007.

DIRECTORS' REPORT
For the year ended 31 December 2007

3. Remuneration Report (continued)

Service Agreements
All employees have service agreements in place that set out the basic terms and conditions of employment.

Notice periods of one month apply to all these service agreements. No notice provisions apply where termination occurs as a result of misconduct or serious or persistent breach of the agreement.

Remuneration arrangements for early termination of a Senior Executive's contract for reasons outside the control of the individual or where the executive is made redundant may give rise to a severance payment at law. In the absence of any express entitlement, these payments would vary between individuals. The Board has approved a policy with respect to severance entitlements specifically capping the maximum severance payment that would be made to twelve months base salary. In addition the employee may be entitled to any short term and long term incentive at the end of the relevant period subject to the achievement of key performance indicators that had been set.

Under the existing service agreements there are no additional payments on resignation, termination by GPT for poor performance or termination for cause other than statutory entitlements such as payment of accrued but untaken annual leave.

Set out below is a summary of the terms of the service agreements for the Chief Executive Officer and other Senior Executives.

	N.Lyons	M. O'Brien	K. Pryke	N. Tobin	J. Johnstone	M. Fookes	N. Harris	J. Coyne
Date of agreement	1 June 2005	1 June 2005	1 June 2005	1 June 2005	16 June 2005	1 June 2005	25 July 2006	1 June 2005
Term of agreement	Open-ended	Open-ended	Open-ended	Open-ended	Open-ended	Open-ended	Open-ended	Open-ended
Non-solicitation of other personnel	12 months	12 months	12 months	12 months	12 months	12 months	12 months	12 months
Retention payable - June 2007	Yes*	Yes*	Yes*	Yes*	Not applicable	Yes*	Not applicable	Yes*
Termination notice	1 Month	1 Month	1 Month	1 Month	1 Month	1 Month	1 Month	1 Month

* Refer to Table D.

3.4 Remuneration – Non-Executive Directors

GPT Policy
The Board determines the remuneration structure for Non-Executive Directors based on recommendations from the Nomination and Remuneration Committee.

The Board has adopted a policy to ensure that remuneration packages for Non-Executive Directors are transparent and easily explained while at the same time enabling the Board to attract and retain the highest quality candidates. The principal features of this policy are as follows:

- Non-Executive Directors are paid one director fee for participation as a Director in all GPT related companies (principally GPT RE Limited, the Responsible Entity of General Property Trust and GPT Management Holdings Limited)
- Non-Executive Director remuneration is composed of three main elements:
  - Main Board fees
  - Committee fees
  - Superannuation contributions at the statutory Superannuation Guarantee Levy (SGL) rate
- Differences in workloads of Non-Executive Directors arise mainly because of differing involvement in board committees, which is in addition to main Board work. This additional workload is rewarded via Committee fees in addition to main Board fees.
- Non-Executive Directors do not participate in any incentive or performance based arrangements
- Non-Executive Directors are not entitled to any retirement benefits
- Non-executive Director remuneration is set by reference to comparable entities listed on the Australian Securities Exchange (based on GPT's industry sector and market capitalisation)
- External independent advice on reasonable remuneration for Non-Executive Directors is sought at least every three years. Between such reviews, remuneration is monitored against market movements as is the time being spent by Directors in performing their duties. Any increase resulting from this review is effective from the 1st of January and will be advised in the next Remuneration Report.

The Chairman is paid a main board fee which is 250% more than the other Non-Executive Directors to reflect additional workload and responsibility, but does not receive Committee fees.

Fees (including superannuation) paid to Non-Executive Directors are drawn from a remuneration pool of $1,550,000 per annum (2006: $1,450,000) which was approved by GPT stapled securityholders at the Annual General Meeting on 9 May 2007. As an executive director, Nic Lyons does not receive fees from this pool but is remunerated as one of GPT's Senior Executives.

Annual Board and Board Committees fees (excluding superannuation) for the year ended 31 December 2007 are as follows:

		Board	Audit and Risk Management Committee	Nomination and Remuneration Committee	Corporate Responsibility Committee
Chairman	**2007**	$315,000	$31,500	$21,000	$21,000
	2006	$300,000	$30,000	$20,000	-
Members	**2007**	$126,000	$15,750	$10,500	$10,500
	2006	$120,000	$15,000	$10,000	-

In addition to the above fees, all Non-Executive Directors receive reimbursement for reasonable travel, accommodation and other expenses incurred whilst undertaking GPT business.

DIRECTORS' REPORT

For the year ended 31 December 2007

3. Remuneration Report (continued)

3.4 Details of Remuneration – Non-Executive Directors

The nature and amount of each element of remuneration paid to GPT's Non-Executive Directors for the current financial and comparative year are as follows:

Table E – Non-Executive Directors' Remuneration

	Short term employee benefits				Post Employment		Other long term benefits		
	Salary & Fees [1]	STI Bonus	STI Bonus Accrued	Non-Monetary [2]	Super-annuation [3]	Retirement Benefits	LTI Award Accrual	Retention	Total
Directors									
P. Joseph									
Chairman									
31 December 2007	**315,000**	**-**	**-**	**-**	**12,911**	**-**	**-**	**-**	**327,911**
31 December 2006	300,000	-	-	-	12,413	-	-	-	312,413
E. Goodwin									
31 December 2007	**149,625**	**-**	**-**	**-**	**12,908**	**-**	**-**	**-**	**162,533**
31 December 2006	63,500	-	-	-	83,640	-	-	-	147,140
M. Latham									
31 December 2007	**152,250**	**-**	**-**	**2,222**	**12,807**	**-**	**-**	**-**	**167,279**
31 December 2006	130,000	-	-	-	11,685	-	-	-	141,685
I. Martin									
31 December 2007	**147,000**	**-**	**-**	**-**	**12,908**	**-**	**-**	**-**	**159,908**
31 December 2006	140,000	-	-	-	17,940	-	-	-	157,940
A. McDonald [4]									
31 December 2007	**153,562**	**-**	**-**	**1,277**	**12,908**	**-**	**-**	**-**	**167,747**
31 December 2006	56,250	-	-	1,712	5,063	-	-	-	63,025
K. Moss									
31 December 2007	**145,688**	**-**	**-**	**-**	**12,899**	**-**	**-**	**-**	**158,587**
31 December 2006	150,000	-	-	-	12,413	-	-	-	162,413
B. Norris [5]									
31 December 2007	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
31 December 2006	90,000	-	-	-	8,092	-	-	-	98,092
E. Nosworthy									
31 December 2007	**137,818**	**-**	**-**	**1,252**	**12,545**	**-**	**-**	**-**	**151,615**
31 December 2006	135,000	-	-	3,816	12,136	-	-	-	150,952
Total									
31 December 2007	**1,200,943**	**-**	**-**	**4,751**	**89,886**	**-**	**-**	**-**	**1,295,580**
31 December 2006	1,064,750	-	-	5,528	163,382	-	-	-	1,233,660

No termination benefits were paid during the financial year.

[1] In 2007, salary and fees are inclusive of salary sacrifice items such as additional non-compulsory contributions to superannuation.
[2] The amount set out under 'Non-monetary' may include administration fees associated with membership of the GPT Group Superannuation Plan and Death & Total/Permanent Disability Insurance Premiums (A. McDonald & E. Nosworthy) and parking (M. Latham)
[3] In 2007, refers to compulsory SGC superannuation only.
[4] A. McDonald was appointed on 2 August 2006.
[5] B. Norris retired on 31 August 2006.

DIRECTORS' REPORT
For the year ended 31 December 2007

4. OTHER DISCLOSURES

4.1 Indemnification and Insurance of Directors and Officers
GPT provides a Deed of Indemnity and Access (Deed) in favour of each of the Directors and Secretaries of GPT and its subsidiary companies and each person who acts or has acted as a representative of GPT serving as an officer of another entity at the request of GPT. The Deed indemnifies these persons on a full indemnity basis to the extent permitted by law for losses, liabilities, costs and charges incurred as a Director or Officer of GPT, its subsidiaries or such other entities.

Subject to specified exclusions, the liabilities insured are for costs that may be incurred in defending civil or criminal proceedings that may be brought against directors and officers in their capacity as Directors and Officers of GPT, its subsidiary companies or such other entities, and other payments arising from liabilities incurred by the Directors and Officers in connection with such proceedings. The Auditors are in no way indemnified out of the assets of GPT.

During the financial year, GPT paid insurance premiums to insure the Directors and Officers of GPT and its subsidiary companies. The terms of the contract prohibit the disclosure of the premiums paid.

4.2 Proceedings on behalf of the Trust
No person has applied to the Court under section 237 *Corporations Act 2001* for leave to bring proceedings on behalf of GPT, or to intervene in any proceedings to which GPT is a party, for the purpose of taking responsibility on behalf of GPT for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of GPT with leave of the Court under section 237 of the *Corporations Act 2001*.

4.3 Non-Audit Services
During the year PricewaterhouseCoopers, GPT's auditor, has performed other services in addition to their statutory duties. Details of the amount paid to the auditor, which includes amounts paid for non-audit services and other assurance services, are set out in note 32 to the financial statements.

The Board has considered the non-audit services and other assurance services provided by the auditor during the financial year. In accordance with advice received from the Audit and Risk Management Committee, the Board is satisfied that the provision of these services is compatible with, and did not compromise, the auditor's independence requirements of the *Corporation Act 2001* for the following reasons:
- the Audit & Risk Management Committee reviewed the non-audit services and other assurance services at the time of appointment to ensure that they did not impact upon the integrity and objectivity of the auditor
- the Board's own review conducted in conjunction with the Audit and Risk Management Committee, having regard to the Board's policy with respect to the engagement of GPT's auditor
- the fact that none of the non-audit services provided by PricewaterhouseCoopers during the financial year had the characteristics of management, decision-making, self-review, advocacy or joint sharing of risks.

4.4 Rounding of Amounts
The GPT Group is of a kind referred to in the Australian Securities & Investments Commission Class Order 98/0100. Accordingly, amounts in the Directors' Report have been rounded to the nearest tenth of a million dollars in accordance with the Class Order, unless stated otherwise.

4.5 Auditor
PricewaterhouseCoopers continues in office in accordance with section 327 of the *Corporations Act 2001*.

4.6 Auditors' independence declaration
A copy of the auditors' independence declaration as required under section 307C of the *Corporations Act 2001* is set out on the following page.

Signed in accordance with a resolution of the Directors.

Peter Joseph
Chairman

Nic Lyons
Executive Director

Sydney
26 February 2008

PRICEWATERHOUSECOOPERS

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Auditor's Independence Declaration

As lead auditor for the audit of the GPT Group, for the year ended 31 December 2007, I declare that to the best of my knowledge and belief, there have been:

a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of General Property Trust and the entities it controlled during the period.

DH Armstrong
Partner
PricewaterhouseCoopers

Sydney
26 February 2008

Liability limited by a scheme approved under Professional Standards Legislation

INCOME STATEMENTS

For the year ended 31 December 2007

	Note	Consolidated entity		Parent entity	
		31 Dec 2007	31 Dec 2006	**31 Dec 2007**	31 Dec 2006
		$M	$M	**$M**	$M
Revenue					
Rent from property investments		**497.0**	659.7	**283.3**	288.6
Revenue from hotel operations		**220.3**	226.6	**-**	-
Property and fund management fees		**65.7**	14.7	**-**	-
Distributions from controlled entities, associates and joint ventures		**-**	-	**396.3**	487.4
		783.0	901.0	**679.6**	776.0
Other income					
Fair value adjustments to investment properties		**458.5**	670.9	**212.3**	298.3
Fair value adjustments of controlled entities, associates and joint ventures		**-**	-	**358.2**	428.5
Share of after tax profits of equity accounted investments	12(b)	**468.7**	323.9	**-**	-
Interest revenue - joint venture investment arrangements		**97.8**	62.6	**90.8**	51.1
Interest revenue - cash and short term money market securities		**15.1**	6.7	**10.2**	3.2
Dividend from investments		**0.4**	-	**-**	-
Net foreign exchange gain		**23.0**	-	**32.3**	5.4
Net gain on fair value of derivatives		**0.6**	89.9	**-**	89.9
Net gain on disposal of assets		**-**	10.8	**-**	-
		1,064.1	1,164.8	**703.8**	876.4
Total revenue and other income		**1,847.1**	2,065.8	**1,383.4**	1,652.4
Expenses					
Property expenses and outgoings		**121.1**	165.3	**73.1**	73.4
Expenses from hotel operations	5(a)	**172.2**	173.8	**-**	-
Management and other administration costs		**92.4**	37.1	**7.6**	7.2
Depreciation and amortisation expense	5(b)	**21.9**	19.8	**-**	-
Finance costs	5(c)	**242.9**	225.2	**222.6**	226.5
Impairment expense	15(a)	**1.4**	28.0	**-**	6.9
Net loss on fair value of derivatives		**-**	-	**0.4**	-
Net loss on disposal of assets		**0.1**	-	**-**	0.3
Net foreign exchange loss		**-**	17.8	**-**	-
Responsible Entity's fee		**-**	-	**24.0**	15.1
Costs associated with internalisation/merger proposal		**4.1**	13.6	**3.8**	12.4
Total Expenses		**656.1**	680.6	**331.5**	341.8
Profit before income tax expense		**1,191.0**	1,385.2	**1,051.9**	1,310.6
Income tax expense	6(a)	**8.5**	1.2	**-**	-
Net profit for the year		**1,182.5**	1,384.0	**1,051.9**	1,310.6
Net profit attributable to:					
- Unitholders of the Trust		**1,203.7**	1,362.6	**1,051.9**	1,310.6
- Securityholders of other entities stapled to the Trust (minority interest)		**(19.2)**	21.4	**-**	-
- External minority interest		**(2.0)**	-	**-**	-
Earnings per unit (cents per unit)					
Basic and diluted earnings per unitholder of the Trust	4(a)	**58.6**	67.1		

The reconciliation of net profit after income tax expense to realised operating income is set out in note 2(b).
The above Income Statements should be read in conjunction with the accompanying notes.

THE GPT GROUP

BALANCE SHEETS
As at 31 December 2007

	Note	Consolidated entity 31 Dec 2007 $M	Consolidated entity 31 Dec 2006 $M	Parent entity 31 Dec 2007 $M	Parent entity 31 Dec 2006 $M
ASSETS					
Current Assets					
Cash and cash equivalents	28(b)	**350.3**	58.8	**292.1**	40.4
Loans and receivables	7(a)	**271.2**	157.3	**359.6**	65.4
Inventories	8	**404.4**	7.3	**-**	**-**
Derivative assets	9	**143.4**	79.4	**141.8**	79.4
Prepayments		**20.6**	17.3	**13.8**	8.5
		1,189.9	320.1	**807.3**	193.7
Non-current assets classified as held for sale	10	**-**	1,955.8	**-**	-
Total Current Assets		**1,189.9**	2,275.9	**807.3**	193.7
Non-Current Assets					
Investment properties	11	**5,987.2**	5,228.6	**3,779.3**	3,351.3
Equity accounted investments	12	**3,519.5**	2,199.2	**2,603.3**	1,682.0
Property, plant & equipment	14	**1,221.3**	891.9	**-**	170.4
Loans and receivables	7(b)	**1,841.3**	1,322.2	**1,448.2**	1,059.1
Other assets	13	**3.6**	0.7	**4,248.7**	4,913.4
Intangible assets	15	**190.9**	74.1	**-**	-
Deferred tax assets	6(b)	**13.2**	9.3	**-**	**-**
Total Non-Current Assets		**12,777.0**	9,726.0	**12,079.5**	11,176.2
Total Assets		**13,966.9**	12,001.9	**12,886.8**	11,369.9
LIABILITIES					
Current Liabilities					
Payables	16	**510.7**	228.2	**412.6**	32.3
Borrowings	17	**1,196.9**	1,630.0	**795.5**	1,574.6
Derivative liabilities	9	**140.7**	25.5	**140.2**	25.5
Provisions	18	**20.5**	9.6	**-**	-
Total Current Liabilities		**1,868.8**	1,893.3	**1,348.3**	1,632.4
Non-Current Liabilities					
Borrowings	17	**3,798.1**	2,661.7	**3,740.3**	2,661.7
Provisions	18	**4.6**	4.1	**-**	**-**
Deferred tax liabilities	6(c)	**-**	0.7	**-**	**-**
Total Non-Current Liabilities		**3,802.7**	2,666.5	**3,740.3**	2,661.7
Total Liabilities		**5,671.5**	4,559.8	**5,088.6**	4,294.1
Net Assets		**8,295.4**	7,442.1	**7,798.2**	7,075.8
EQUITY					
Equity attributable to unitholders of the Trust (parent entity)					
Contributed equity	19	**4,648.6**	4,391.5	**4,648.6**	4,391.5
Reserves	20	**(3.6)**	21.1	**-**	-
Retained profits	21	**3,341.2**	2,724.1	**3,149.6**	2,684.3
Total equity of GPT Trust unitholders		**7,986.2**	7,136.7	**7,798.2**	7,075.8
Equity attributable to securityholders of other entities stapled to the Trust					
Contributed equity	19	**317.5**	307.0	**-**	**-**
Reserves	20	**9.5**	(0.8)	**-**	**-**
Retained profits/(accumulated losses)	21	**(20.0)**	(0.8)	**-**	**-**
Total equity of other stapled securityholders		**307.0**	305.4	**-**	-
Equity attributable to minority interests - external					
Contributed equity	19	**-**	-	**-**	-
Reserves	20	**-**	-	**-**	-
Retained profits	21	**2.2**	-	**-**	-
Total equity of external minority interests		**2.2**	**-**	**-**	**-**
Total Equity		**8,295.4**	7,442.1	**7,798.2**	7,075.8

The above Balance Sheets should be read in conjunction with the accompanying notes.

THE GPT GROUP

STATEMENTS OF CHANGES IN EQUITY

For the year ended 31 December 2007

		Consolidated Entity													Parent Entity			
		Attributable to the Securityholders of the General Property Trust				Attributable to the Securityholders of other entities stapled to the General Property Trust				Attributable to the Securityholders of external minority interests								
		Contributed equity	Reserves	Retained earnings	Total	Contributed equity	Reserves	Retained earnings	Total	Contributed equity	Reserves	Retained earnings	Total	Total equity	Contributed equity	Reserves	Retained earnings	Total
		$M	$M	$M	$M	$M	$M	$M	$M	$M	$M	$M	$M	$M	$M	$M	$M	$M
Balance at 1 January 2006		4,296.0	16.2	1,778.4	6,090.6	302.5	2.4	(22.2)	282.7	-	-	-	-	6,373.3	4,296.0	-	1,790.6	6,086.6
Movement in asset revaluation reserve	20	-	(4.7)	-	(4.7)	-	-	-	-	-	-	-	-	(4.7)	-	-	-	-
Movement in foreign currency translation reserve	20	-	12.5	-	12.5	-	(1.6)	-	(1.6)	-	-	-	-	10.9	-	-	-	-
Net income recognised directly in equity		4,296.0	24.0	1,778.4	6,098.4	302.5	0.8	(22.2)	281.1	-	-	-	-	6,379.5	4,296.0	-	1,790.6	6,086.6
Profit for the year	21	-	-	1,362.6	1,362.6	-		21.4	21.4	-	-	-	-	1,384.0	-	-	1,310.6	1,310.6
Total recognised income and expenses for the year		4,296.0	24.0	3,141.0	7,461.0	302.5	0.8	(0.8)	302.5	-	-	-	-	7,763.5	4,296.0	-	3,101.2	7,397.2
					-													
Transactions with Securityholders in their capacity as Securityholders:					-													
Issue of share capital	19	95.5	-	-	95.5	4.5	-	-	4.5	-	-	-	-	100.0	95.5	-	-	95.5
Movement in long term incentive reserve	20	-	(3.8)	-	(3.8)	-	(1.6)	-	(1.6)	-	-	-	-	(5.4)	-	-	-	-
Movement in employee incentive security scheme reserve	20	-	0.9	-	0.9	-	-	-	-	-	-	-	-	0.9	-	-	-	-
Distribution paid or payable	3	-	-	(416.9)	(416.9)	-	-	-	-	-	-	-	-	(416.9)	-	-	(416.9)	(416.9)
Balance at 31 December 2006		4,391.5	21.1	2,724.1	7,136.7	307.0	(0.8)	(0.8)	305.4	-	-	-	-	7,442.1	4,391.5	-	2,684.3	7,075.8
Balance at 1 January 2007		**4,391.5**	**21.1**	**2,724.1**	**7,136.7**	**307.0**	**(0.8)**	**(0.8)**	**305.4**	**-**	**-**	**-**	**-**	**7,442.1**	**4,391.5**	**-**	**2,684.3**	**7,075.8**
Movement in asset revaluation reserve	20	**-**	**15.0**	**-**	**15.0**	**-**	**-**	**-**	**-**				**-**	**15.0**	**-**	**-**	**-**	**-**
Movement in foreign currency translation reserve	20	**-**	**(38.5)**	**-**	**(38.5)**	**-**	**(2.6)**	**-**	**(2.6)**				**-**	**(41.1)**	**-**	**-**	**-**	**-**
Movement in cash flow hedge reserve	20	**-**	**-**	**-**	**-**	**-**	**11.5**	**-**	**11.5**				**-**	**11.5**	**-**	**-**	**-**	**-**
Net income recognised directly in equity		**4,391.5**	**(2.4)**	**2,724.1**	**7,113.2**	**307.0**	**8.1**	**(0.8)**	**314.3**				**-**	**7,427.5**	**4,391.5**	**-**	**2,684.3**	**7,075.8**
Profit for the year	21	**-**	**-**	**1,203.7**	**1,203.7**	**-**	**-**	**(19.2)**	**(19.2)**			**(2.0)**	**(2.0)**	**1,182.5**			**1,051.9**	**1,051.9**
Total recognised income and expenses for the year		**4,391.5**	**(2.4)**	**3,927.8**	**8,316.9**	**307.0**	**8.1**	**(20.0)**	**295.1**	**-**	**-**	**(2.0)**	**(2.0)**	**8,610.0**	**4,391.5**	**-**	**3,736.2**	**8,127.7**
Transactions with Securityholders in their capacity as Securityholders:																		
Issue of share capital	19	**257.1**	**-**	**-**	**257.1**	**10.5**	**-**	**-**	**10.5**	**-**	**-**	**-**	**-**	**267.6**	**257.1**	**-**	**-**	**257.1**
Minority interest in acquisition of subsidiary	21	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**4.2**	**4.2**	**4.2**	**-**	**-**	**-**	**-**
Movement in long term incentive reserve	20	**-**	**(1.5)**	**-**	**(1.5)**	**-**	**1.4**	**-**	**1.4**	**-**	**-**	**-**	**-**	**(0.1)**	**-**	**-**	**-**	**-**
Movement in employee incentive security scheme reserve	20	**-**	**0.3**	**-**	**0.3**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**0.3**	**-**	**-**	**-**	**-**
Distribution paid or payable	3	**-**	**-**	**(586.6)**	**(586.6)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(586.6)**	**-**	**-**	**(586.6)**	**(586.6)**
Balance at 31 December 2007		**4,648.6**	**(3.6)**	**3,341.2**	**7,986.2**	**317.5**	**9.5**	**(20.0)**	**307.0**	**-**	**-**	**2.2**	**2.2**	**8,295.4**	**4,648.6**	**-**	**3,149.6**	**7,798.2**

The above Statements of Changes in Equity should be read in conjunction with the accompanying notes.

CASH FLOW STATEMENTS

For the year ended 31 December 2007

	Note	Consolidated entity 31 Dec 2007 $M	Consolidated entity 31 Dec 2006 $M	Parent entity 31 Dec 2007 $M	Parent entity 31 Dec 2006 $M
Cash flows from operating activities					
Cash receipts in the course of operations (inclusive of GST)		**807.1**	971.7	**296.3**	319.0
Cash payments in the course of operations (inclusive of GST)		**(398.1)**	(434.4)	**(119.8)**	(126.2)
Distributions received from associates and joint ventures		**171.6**	122.6	**124.2**	56.7
Distributions received from controlled entities		**-**	-	**253.3**	399.1
Interest received		**125.8**	30.4	**108.6**	26.2
Income taxes paid		**(3.7)**	(2.9)	**-**	-
Net receipt from derivatives		**51.8**	29.0	**51.8**	29.0
		754.5	716.4	**714.4**	703.8
Finance costs		**(267.4)**	(237.5)	**(227.7)**	(239.0)
Net cash inflows from operating activities	28(a)	**487.1**	478.9	**486.7**	464.8
Cash flows from investing activities					
Payments for investment properties		**(89.5)**	(983.6)	**(203.0)**	(32.5)
Proceeds from disposal of investment properties/current assets held for sale		**1,243.7**	1,040.6	**-**	218.1
Payments for properties under development		**(429.1)**	(209.1)	**(336.0)**	(168.9)
Proceeds from the disposal of properties under development		**-**	9.0	**477.3**	-
Deposit received for properties under development		**106.5**	-	**-**	-
Payments for property, plant and equipment		**(42.0)**	(28.7)	**-**	-
Payments for intangibles		**(4.2)**	(53.3)	**-**	-
Payments for inventories		**(611.8)**	-	**-**	-
Investments in joint ventures and associates		**(180.1)**	(211.0)	**(7.7)**	(4.7)
Proceeds from disposal of joint ventures and associates		**-**	332.9	**-**	-
Loan (to)/from joint ventures and associates		**(450.2)**	(568.5)	**(325.2)**	(374.6)
Payments for controlled entities (net of cash acquired), associates and joint ventures		**(37.7)**	-	**-**	-
Investment in controlled entities		**-**	-	**(1,211.6)**	(981.5)
Loan advanced (to)/from controlled entities		**-**	-	**(306.7)**	(164.6)
Redemption of units in subsidiary		**-**	-	**1,674.0**	913.7
(Increase)/decrease in other loans		**(94.4)**	-	**(0.1)**	-
Payments for other assets		**(0.1)**	-	**-**	-
Net cash inflows/(outflows) from investing activities		**(588.9)**	(671.7)	**(239.0)**	(595.0)
Cash flows from financing activities					
Proceeds from net bank facilities		**1,545.2**	481.2	**1,152.8**	442.6
Proceeds/(repayments) of net short and medium term notes		**(819.3)**	154.8	**(819.3)**	154.8
Payment of employee incentive scheme loans, net of distributions		**(13.6)**	(27.8)	**-**	-
Proceeds from the issue of securities	19	**102.1**	100.0	**98.1**	95.5
Distributions paid to securityholders	3(a)	**(421.1)**	(550.0)	**(427.6)**	(550.0)
Net cash (outflows)/inflows from financing activities		**393.3**	158.2	**4.0**	142.9
Net increase/(decrease) in cash and cash equivalents		**291.5**	(34.6)	**251.7**	12.7
Cash and cash equivalents at the beginning of the financial year		**58.8**	93.4	**40.4**	27.7
Cash and cash equivalents at the end of the financial year	28(b)	**350.3**	58.8	**292.1**	40.4

The above Cash Flow Statements should be read in conjunction with the accompanying notes.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2007

1. Summary of significant accounting policies

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial report includes separate financial statements for the parent entity, General Property Trust (Trust) as an individual entity and the GPT Group (GPT), consisting of the Trust and its controlled entities (Consolidated entity).

(a) Basis of preparation

This general purpose financial report has been prepared in accordance with the Trust's Constitution, Australian equivalents to International Financial Reporting Standards (AIFRS), other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Interpretations and the *Corporations Act 2001*.

Compliance with IFRS
The financial report complies with Australian Accounting Standards and International Financial Reporting Standards (IFRS).

New accounting standards and interpretations
With the move to International Financial Reporting Standards in 2005, the Australian Accounting Standards Board announced that it would maintain a 'stable platform' of standards for the 2006 and 2007 fiscal years to allow entities to implement and 'bed down' the new IFRS standards. During the 2007 fiscal year, the Australian Accounting Standards Board issued new standards and numerous amendments to existing standards however none of the new standards or amendments to existing standards are mandatory for GPT until its 2008 financial statements.

A list of Australian Accounting Standards newly released or existing standards to which amendments have been made in the past fiscal year are: 1, 2, 3, 4, 5, 6, 7, 8, 101, 102, 107, 108, 110, 111, 112, 114, 116, 117, 118, 119, 120, 121, 123, 127, 128, 129, 130, 131, 132, 133, 134, 136, 137, 138, 139, 141, 1023 and 1038. UIG Interpretations newly released or amended are: 4, 11, 12, 13, 14, 113 and 129.

No changes are expected to GPT's financial performance, position or accounting principles as a result of the application of the new and amended standards above however the type of information disclosed in future annual financial reports will change. Management's current assessment indicates that the most significant impact will arise from some additional new disclosures required by AASB 8 *Operating Segments* from 1 January 2009, although it is unlikely that any new operating segments, in addition to those disclosed at note 2, will be required. GPT have also considered the option to proportionately consolidate its investments in joint venture entities in the amendment to UIG 113 and currently does not consider taking up the option.

GPT has not elected to early adopt any of the new or amended standards and has applied the following standards and interpretations which were mandatory from 1 January 2007:

- AASB 7 *Financial Instruments: Disclosures* and all consequential amendments in AASB 2005-10 *Amendments to Australian Accounting Standards (AASB 132, 101, 114, 117, 133, 139, 1, 4, 1023 and 1038)* from 1 January 2007. The adoption of this standard only affected the financial instrument disclosures in these financial statements – refer to note 31. There has been no affect on the financial position or performance of GPT or the Trust.
- UIG Interpretation 8 Scope of AASB 2 Share-Based Payment
- UIG Interpretation 9 Reassessment of Embedded Derivatives
- UIG Interpretation 10 Interim Financial Reporting and Impairment

Adoption of the above Interpretations did not have any affect on the financial position or performance of GPT or the Trust.

Historical cost convention
These financial statements have been prepared under the historical cost convention, as modified by the revaluation for financial assets and liabilities (including derivatives) at fair value through profit and loss, certain classes of property, plant and equipment and investment property.

The financial statements were approved by the Board of Directors on 26 February 2008.

(b) Accounting for the GPT Group

In accordance with AASB Interpretation 1002 *Post-date of Transition Stapling Arrangements*, the stapled entity reflects the Consolidated entity. Equity attributable to other stapled entities is a form of minority interest in accordance with AASB Interpretation 1002 and in the Consolidated entity column, represents the contributed equity of GPT Management Holdings Limited (the Company).

As a result of the stapling, investors in GPT will receive payments from each component of the stapled security comprising distributions from the Trust and dividends from the Company.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2007

1. Summary of significant accounting policies (continued)

(c) Principles of consolidation

(i) Controlled entities
The consolidated financial statements comprise the assets and liabilities of all controlled entities and the results of all controlled entities for the financial year then ended. The Trust and its controlled entities are collectively referred to in this financial report as GPT or the Consolidated entity.

Controlled entities are all entities (including special purpose entities) over which GPT has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether GPT controls another entity.

Controlled entities are fully consolidated from the date control commenced and de-consolidated from the date that control ceased.

The purchase method of accounting is used to account for the acquisition of controlled entities by GPT (refer to note 1(d)). All inter-entity transactions, balances and unrealised gains on transactions between GPT entities have been eliminated in full. Unrealised losses are eliminated unless costs cannot be recovered.

Minority interests not held by GPT are allocated their share of net profit after income tax expense in the income statement and are presented within equity in the balance sheet, separately from the Trust's equity.

(ii) Associates
Associates are entities over which GPT has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for in the Trust's balance sheet at cost and in the consolidated balance sheet using the equity method. Under this method, GPT's share of the associates' post acquisition net profits after income tax expense is recognised in the consolidated income statement and its share of post acquisition movements in reserves is recognised in reserves in the consolidated balance sheet. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. Distributions and dividends received from associates are recognised in the Trust's income statement while in the consolidated financial statements they reduce the carrying amount of the investment. GPT's investment in associates includes goodwill (net of any accumulated impairment loss) identified on acquisition (refer note 12).

Where GPT's share of losses in associates equals or exceeds its interest in the associate, including any other unsecured receivables, GPT does not recognise any further losses, unless it has incurred obligations or made payments on behalf of the associate.

All balances and effects of transactions between each associate and GPT have been eliminated to the extent of GPT's interest in the associate.

(iii) Joint Ventures
Joint venture operations
GPT has significant co-ownership interests in a number of properties through unincorporated joint ventures. These interests are held directly and jointly as tenants in common. GPT's proportionate share of revenues, expenses, assets and liabilities in property interests held as tenants in common are included in their respective items of the consolidated balance sheet and income statement.

Joint venture entities
Investments in joint venture entities are accounted for in the Trust's balance sheet at cost.

Investments in joint venture entities are accounted for in the consolidated balance sheet using the equity method. Under this method, GPT's share of the joint ventures' post acquisition net profits after income tax expense is recognised in the consolidated income statement and its share of post acquisition movements in reserves including cash flow hedge reserve, is recognised in reserves in the consolidated balance sheet. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. Distributions and dividends received from joint ventures are recognised in the Trust's income statement while in the consolidated financial statements they reduce the carrying amount of the investment.

All balances and effects of transactions between joint ventures and GPT have been eliminated to the extent of GPT's interest in the joint venture.

Where controlled entities, associates or joint ventures adopt accounting policies which differ from the Parent entity, adjustments have been made so as to ensure consistency within the GPT Group.

(d) Accounting for acquisitions and business combinations
The purchase method of accounting is used to account for all acquisitions of assets (including business combinations) regardless of whether equity instruments or other assets are acquired. Cost is measured as the fair value of the assets given, shares issued or liabilities incurred or assumed at the date of exchange plus costs directly attributable to the acquisition.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. Transaction costs arising on the issue of equity instruments are recognised directly in equity. The excess of the cost of acquisition over the fair value of GPT's share of the net identifiable assets acquired represents goodwill (refer note 1(t)(i)). If the cost of acquisition is less than GPT's share of the fair value of the net assets of the entity acquired, the difference is recognised directly in the income statement, but only after a reassessment of the identification and measurement of net assets acquired.

Where settlement of any part of cash consideration is deferred, the amount payable in the future is discounted to their present value as at the date of exchange. The discount rate used is GPT's incremental borrowing rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2007

1. Summary of significant accounting policies (continued)

(e) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the GPT entities are measured using the currency of the primary economic environment in which they operate ('the functional currency'). The consolidated financial statements are presented in Australian Dollars, which is the Trust's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

(iii) Foreign operations

Non-monetary items that are measured in terms of historical cost are converted using the exchange rate as at the date of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences of non-monetary items, such as equities held at fair value through profit or loss, are reported as part of the fair value gain or loss.

Exchange differences arising on monetary items that form part of the net investment in a foreign operation are taken to the profit and loss in the parent entity and against a foreign currency translation reserve on consolidation. Where forward foreign exchange contracts are entered into to cover any anticipated excesses of revenue less expenses within foreign joint venture entities, they are converted at the ruling rates of exchange at the reporting period. The resulting foreign exchange gains and losses are taken to the income statement.

(f) Income Tax

(i) Trusts

Under current tax legislation, Trusts are not liable for income tax, provided their taxable income and taxable realised gains are fully distributed to securityholders each financial year.

(ii) Company and other taxable entities

Income tax expense and revenue for the financial year is the tax payable on the current year's taxable income based on the national income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses. Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the Trust is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

(iii) Tax consolidation – Australia

GPT Management Holdings Limited (the head entity) and its wholly owned Australian controlled entities implemented the tax consolidation legislation as of 1 January 2006. Each member in the tax consolidated group continue to account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated group continues to be a stand alone taxpayer in its own right. On adoption of the tax consolidation legislation, the entities in the tax consolidated group entered into a tax sharing agreement, which in the opinion of the directors, limits the joint and several liability of the wholly owned entities in the case of a default of the head entity, GPT Management Holdings Limited.

The Company has also entered into a tax funding agreement under which the wholly owned entities fully compensate GPT Management Holdings Limited for any current tax payable assumed and are compensated by GPT Management Holdings Limited for any current tax receivable and deferred tax assets relating to unused tax losses or unused tax credits that are transferred to GPT Management Holdings Limited under the tax consolidation legislation. The funding amounts are determined by reference to the amounts recognised in the financial statements.

Assets and liabilities arising under the tax funding agreement with the tax consolidated entities are recognised as amounts receivables or payables and these amounts are due upon demand from the head entity. The head entity may also require payment of interim funding amounts to assist with its obligations to pay tax instalments and the funding amounts are recognised as intercompany receivables or payables. Details about the tax funding agreement are disclosed in note 6. Any difference between the amounts assumed and amounts receivable or payable under the tax funding agreement are recognised as a contribution to (or distribution from) wholly owned tax consolidated entities.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2007

1. Summary of significant accounting policies (continued)

(g) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST (or equivalent tax in overseas locations) except where the GST incurred on purchase of goods and services is not recoverable from the tax authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable. Receivables and payables are stated inclusive of the amount of GST. The net amount of GST receivable from, or payable to, the taxation authority is included with other receivables or payables in the balance sheet.

Cash flows are presented on a gross basis in the Statement of Cash flows. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the taxation authority are presented as operating cash flows. Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(h) Segment reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different to those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment and is subject to risks and returns that are different from those of segments operating in other economic environments. Business segment is the primary reporting format.

Segment revenues, expenses, assets and liabilities are those that are directly attributable to a segment. Segment assets include all assets used by a segment and consist primarily of operating cash, receivables, investment properties, inventories, property, plant and equipment and intangible assets, net of related provisions. Assets used jointly by two or more different segments are allocated based on a reasonable estimate of usage. Segment liabilities consist primarily of trade creditors and accruals. Segment assets and liabilities do not include income taxes.

(i) Revenue recognition

Rental revenue from operating leases is recognised on a straight line basis over the lease term. An asset is recognised to represent the portion of operating lease revenue in a reporting period relating to fixed increases in operating lease rentals in future periods. These assets are recognised as a component of investment properties. When GPT provides lease incentives to tenants, the costs of the incentives are recognised over the lease term, on a straight line basis, as a reduction of property rent revenue. Contingent rental income is recognised as revenue in the period in which it is earned.

Property and fund management fee revenue is recognised on an accruals basis, in accordance with the terms of the relevant contracts. Revenue from development projects is recognised on settlement of an unconditional contract for sale.

Revenue from dividends and distributions are recognised when they are declared. Interest income is recognised on an accruals basis using the effective interest method.

Gain or loss on disposal of assets is calculated as the difference between the carrying amount of the asset at the date of disposal and the net proceeds from disposal and is included in the income statement in the year of disposal. Where revenue is obtained from the sale of properties or assets, it is recognised when the significant risks and rewards have transferred to the buyer. This will normally take place on exchange of unconditional contracts.

If not received at reporting date, revenue is included in the balance sheet as a receivable and carried at fair value.

(j) Finance costs

Finance costs include interest, amortisation of discounts or premiums relating to borrowings, amortisation of and ancillary costs incurred in connection with the arrangement of borrowings. Finance costs are expensed as incurred unless they relate to a qualifying asset. A qualifying asset is an asset which generally takes more than 12 months to get ready for its intended use or sale. In these circumstances, financing costs incurred for the construction of a qualifying asset are capitalised to the cost of the asset for the period of time that is required to complete and prepare the asset for its intended use or sale. As all funds are borrowed by GPT, the capitalisation rate used to determine the amount of finance costs capitalised is the weighted average interest applicable to GPT's outstanding borrowings during the year.

(k) Expenses

Property expenses and outgoings include rates, taxes and other property outgoings incurred in relation to investment properties where such expenses are the responsibility of GPT and are recognised on an accruals basis.

(l) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, at bank and short term money market deposits with original maturities of three months or less. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

(m) Receivables

Trade and sundry debtors are recognised at amortised cost, which in the case of GPT, is the original invoice amount less a provision for doubtful debts. Trade debtors are due within thirty days. Collectibility of trade debtors is reviewed regularly and bad debts are written off when identified. A specific provision for doubtful debts is made when there is objective evidence that GPT will not be able to collect the amounts due according to the original terms of the receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows.

Other loans and receivables

Loans and receivables are recognised at amortised cost using the effective interest rate method. Under this method, fees, costs, discounts and premiums directly related to the loans and receivables are recognised in the income statement over the expected life of the loans and receivables. All loans and receivables with maturities greater than 12 months after balance date are classified as non-current assets.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2007

1. Summary of significant accounting policies (continued)

(n) Inventory

Inventory is stated at the lower of cost and net realisable value. Hotel merchandise costs are assigned on the basis of weighted average costs and net realisable value is the estimated selling price in the ordinary course of business. A provision is raised when it is believed that the costs incurred will not be recovered on the ultimate sale of the inventory.

Warehoused investment property is investment property which has been acquired for a proposed fund by entities in the GPT Group to ultimately sell to external investors once the final portfolio has been identified and the terms have been agreed. Costs on the warehoused investment property include the costs of acquisition. Gains and losses on the sale of the fund is recognised in the income statement when the significant risks and rewards of the fund or assets/inventory have transferred to external investors.

(o) Assets and liabilities classified as held for sale

Non current assets classified as held for sale are stated at fair value less costs to sell if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. Non current assets are not depreciated or amortised while they are classified as held for sale. Non current assets and liabilities classified as held for sale are presented separately from the other assets and liabilities in the balance sheet.

(p) Investment property

(i) Investment properties

Property, including land and buildings, held for long-term rental yields which are not occupied by a GPT entity is classified as investment property. Land held under an operating lease is classified and accounted for as investment property when the definition of investment property is met.

Investment property is initially recorded at cost. Cost comprises the cost of acquisition, additions, refurbishments, redevelopments, finance costs and fees incurred. Land and buildings (including integral plant and equipment) that comprise investment property are not depreciated. The carrying amount of investment property also includes components relating to lease incentives and assets relating to fixed increases in operating lease rentals in future periods.

Subsequent to initial acquisition, investment property is stated at fair value with changes in fair value recorded in the income statement.
Fair value is based on active market prices, adjusted for any difference in the nature, location or condition of the specific asset or where this is not available, an appropriate valuation method which may include discounted cash flow projections and the capitalisation method. Discount rates and capitalisation rates are determined based upon the Trust's industry knowledge and expertise and where possible, direct comparison to third party rates for similar assets in a comparable location. The fair value reflects, among other things, rental income from current leases and assumptions about rental income from future leases in light of current market conditions. It also reflects any cash outflows (excluding those relating to future capital expenditure) that could be expected in respect of the property.

The Responsible Entity of the Trust reviews the fair value of each investment property every six months, or earlier where the Responsible Entity believes there may be a material change in the carrying value of the property and where the carrying value differs materially from the Responsible Entity's assessment of fair value, an adjustment to the carrying value is recorded as appropriate. Independent valuations on all investment properties are carried out at least every three years on a rolling basis to ensure that the carrying amount of each investment property does not differ materially from its fair value.

Subsequent expenditure is charged to the investment property only when it is probable that future economic benefits of the expenditure will flow to GPT and the cost can be measured reliably.

Investment property held for sale is classified in non-current assets held for sale in accordance with AASB 5 *Non-current Assets Held for Sale and Discontinued Operations*.

Some property investments are held in joint ownership arrangements (joint venture operations). The proportionate interests in the assets, liabilities, revenues and expenses of a joint venture operation have been incorporated in the financial statements under the appropriate headings (refer to note 1(c)(iii)).

(ii) Owner Occupied Property

Owner occupied property is property that is held for use by GPT entities for the supply of GPT services. Certain hotel properties are classified and accounted for as investment property in the Trust's financial statements and classified as owner-occupied property and accounted for as property, plant and equipment in the consolidated financial statements as GPT owns and operates the hotels (refer to note 1(q)).

(iii) Property Under Development

Property under development is accounted for as property, plant and equipment and stated at historical cost until development is complete (refer to note 1(q)).

(iv) Warehoused Investment Property

Investment property which has been acquired for a proposed fund is accounted for as inventory (refer to note 1(n)).

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2007

1. Summary of significant accounting policies (continued)

(q) Property, plant and equipment

In the consolidated entity, certain owner occupied hotel properties (refer note 1(p)(ii)) are classified as property, plant and equipment and stated at fair value less accumulated depreciation for the buildings. The basis of fair value is the same as outlined in the investment property note 1(p). Any accumulated depreciation at the date of revaluation is eliminated against the carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Increments in the carrying amounts arising from revaluation on hotels are credited to the asset revaluation reserve. To the extent that the increase reverses a decrease previously recognised in the income statement, the increase is first recognised in the income statement. Decreases that reverse previous increases of the same asset are first charged against the asset revaluation reserve to the extent of the remaining reserve attributable to the asset; and all other decrements are recognised in the income statement.

Property under construction is carried at historical cost until development is complete. All costs of development are capitalised against the property and are not depreciated. Upon completion of development, the assets are classified as investment property.

All other property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to its acquisition. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to GPT and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation and amortisation
Land is not depreciated. Depreciation on other assets is calculated using the straight line method to allocate their cost or revalued amounts, net of their residual values, over their expected useful lives, as follows:

- Buildings — up to 40 years
- Motor Vehicles — 4 – 7 years
- Office fixtures, fittings and operating equipment — 5 – 15 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These are included in the income statement. When revalued assets are sold, any amount in the asset revaluation reserve in respect of those assets is transferred to retained earnings.

(r) Leases

Leases are classified at their inception as either operating or finance leases based on their economic substance of the agreement so as to reflect the risks and benefits incidental to ownership. Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Net rental payments, excluding contingent payments, are recognised as an expense in the income statement on a straight line basis over the period of the lease.

(s) Lease incentives

Incentives such as cash, rent free periods, lessee or lessor owned fit outs may be provided to lessees to enter into an operating lease. These incentives are capitalised and amortised on a straight line basis over the term of the lease as a reduction of rental revenue. The carrying amount of the lease incentives is reflected in the fair value of investment properties.

(t) Intangible assets

(i) Goodwill

Goodwill on acquisition represents the excess of purchase consideration, including incidental expenses associated with the acquisition, over the fair value of GPT's share of the identifiable net assets of the acquired. Goodwill on acquisition of controlled entities is included in intangible assets and goodwill on acquisition of associates/joint ventures is included in investments in associates/joint ventures.

Goodwill is not amortised, instead it is tested for impairment annually, whenever there is an indication that the carrying value may be impaired, and is carried at cost less accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to cash generating units (CGUs) that are expected to benefit from the acquisition. GPT has determined that each primary reporting segment set out in note 2 is a CGU. Impairment is determined by assessing the recoverable amount of the CGU to which the goodwill relates.

Gains and losses on disposal of an entity include the carrying amount of goodwill relating to the entity disposed.

(ii) Other intangible assets

Operating lease rights relating to the resort operation at Lizard Island Resort and property management rights have been assessed to have a maximum useful life of 28 years respectively. They are carried at cost less accumulated amortisation and impaired losses. Amortisation is calculated using the straight line method to allocate the cost of the operating lease rights and property management rights over their useful life.

Intangible assets are tested for impairment annually (refer to note 1(v))

(u) Other investments

Other investments, excluding investments in controlled entities, are classified as available for sale assets. Unlisted investments are stated at the fair value of GPT's interest in the underlying assets which approximate fair value. Gains or losses on available-for-sale investments are recognised in the asset revaluation reserve in the balance sheet until the investment is sold or impaired, at which time the cumulative changes in fair value recognised in the asset revaluation reserve are recognised in the income statement. Investments in controlled entities are held at the lower cost or recoverable amount.

1. Summary of significant accounting policies (continued)

(v) Impairment

Goodwill, which has an indefinite useful life, is not subject to amortisation and is tested annually for impairment. All other assets, including financial assets, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Where an indicator of impairment or objective evidence exists, an estimate of the asset's recoverable amount is made. An impairment loss is recognised in the income statement for the amount by which the asset's carrying amount exceeds its recoverable amount. Recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets.

(w) Financial assets and liabilities

Classification of financial assets and liabilities depends on the purpose for which the assets and liabilities were acquired.

GPT's classification is set out below:

Financial asset/liability	Classification	Valuation basis	
Cash	Fair value through profit and loss	Fair value	Refer to note 1(l)
Receivables	Loans and receivables	Amortised cost	Refer to note 1(m)
Derivative assets	Fair value through profit and loss	Fair value	Refer to note 1(x)
Other assets Investment in unlisted entities	Available for sale financial assets	Fair value	Refer to note 1(u)
Payables	Financial liability at amortised cost	Amortised cost	Refer to note 1(y)
Borrowings	Financial liability at amortised cost	Amortised cost	Refer to note 1(aa)
Derivative liabilities	Fair value through profit and loss	Fair value	Refer to note 1(x)

Derecognition of financial instruments

Financial assets are recognised on the date the consolidated or parent entity commits to purchase or sell the asset and derecognised when GPT no longer controls the contractual rights that comprise the financial instrument which is normally the case when the instrument is sold or all risks and rewards of ownership have transferred to an independent third party.

(x) Derivatives

GPT uses derivative financial instruments to manage its exposure to fluctuations in interest rates, foreign currency rates and the volatility of financial outcomes that arise as part of normal business operations. GPT's treasury and risk management policy sets out the policies, limits, monitoring and reporting requirements on the use of financial instruments, including derivatives, to hedge the exposures and these are discussed in detail at note 31.

GPT's major exposure is to interest rate and foreign currency risks arising from borrowings. The derivatives that GPT commonly use to reduce its exposure are forward foreign exchange contracts, interest rate swaps and options. Further details are included in note 31.

Derivatives, including those embedded in other contractual arrangements, are recognised at fair value. The fair value of interest rate swaps is calculated using the present value of the estimated future cash flows of these instruments. The fair values of forward foreign exchange contracts are determined using quoted forward exchange rates at reporting date. The fair value of barrier interest rate swaps and interest rate option contracts are calculated as the estimated present value of the contract using the relevant market rates and incorporating time value and implied volatility around a number of variables. The fair value of forward exchange trigger contracts are calculated as the estimated present value of the contract using the relevant forward foreign exchange rates and incorporating time value and volatility around a number of variables. Each instrument is discounted at the market interest rate appropriate to the instrument. Where the fair value of a derivative is calculated as the present value of the estimated future cash flows of the instrument, there are two key variables used:

- Forward price curve (for the relevant underlying interest rates or foreign exchange rates)
- Discount rates

Subsequent changes in the fair value of derivatives are also recognised in the income statement as GPT has not formally designated its derivative assets or liabilities as hedges however the derivatives achieve the economic outcomes of offsetting interest rate and foreign currency exposures in accordance with GPT's treasury and risk management policy. Gains and losses on maturity or close-out of derivatives are recognised in the income statement.

Derivatives with a positive closing fair value at reporting date are presented as assets and derivative liabilities are presented where the closing fair value is negative. All derivatives are classified as current assets or liabilities given the derivatives are not part of a hedge.

(y) Payables

Trade payables are unsecured liabilities for goods and services provided to GPT prior to the end of the financial year but which remain unpaid at reporting date. They are recognised at amortised cost, which in the case of GPT, is the fair value of consideration to be paid in the future for the goods and services received.

Loans payable

Loans payable to related parties are recognised at amortised cost using the effective interest rate method. Under this method, fees, costs, discounts and premiums directly related to the loans are recognised in the income statement over the expected life of the borrowings. Interest payable is recognised on an accruals basis. All loans payable with maturities greater than 12 months after reporting date are classified as non-current liabilities.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2007

1. Summary of significant accounting policies (continued)

(z) Provisions

Provisions are recognised when GPT has a present legal, equitable or constructive obligation as a result of past transactions or events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses. Refer to note 1(ad) for provisions for distributions.

(aa) Borrowings

Borrowings are recognised at amortised cost using the effective interest rate method or at their fair value at the time of acquisition in the case of assumed liabilities in a business combination. Under the effective interest rate method, any transaction fees, costs, discounts and premiums directly related to the borrowings are recognised in the income statement over the expected life of the borrowings. All loans and receivables with maturities greater than twelve months after reporting date are classified as non-current liabilities. Refer to note 1(j) on finance costs.

(ab) Employee benefits

(i) Wages, salaries, annual leave and long service leave

Liabilities for wages and salaries (including non monetary benefits) and annual leave are recognised in the provisions for employee benefits and measured at the amounts to be expected to be paid when the liabilities are settled. Liabilities for non-accumulated sick leave are recognised when leave is taken and measured at the rates paid or payable.

The employee benefit liability expected to be settled within 12 months from balance date is recognised in current liabilities. The non-current provision relates to entitlements, including long service leave, which are expected to be payable after twelve months from balance date and are measured as the present value of expected future payments to be made in respect of services provided by employees up to balance date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at balance date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows. Employee benefit on-costs are recognised and included in employee benefit liabilities and costs when the employee benefits to which they relate are recognised as liabilities.

(ii) Retirement benefit obligations

All employees of GPT are entitled to benefits on retirement, disability or death from the GPT Group Superannuation Plan. The GPT Group Superannuation Plan has a defined contribution section within its plan. The defined contribution section receives fixed contributions and GPT's legal and constructive obligation is limited to these contributions. The employees of GPT are all members of the defined contribution section of the GPT Group Superannuation Plan.

Contributions to the defined contribution fund are recognised as an expense as they become payable. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

(iii) Profit sharing and bonus plans

GPT recognises a liability and expense for profit sharing and bonuses based on a formula that takes into consideration the profit attributable to GPT's securityholders after certain adjustments. A provision is recognised where contractually obliged or where there is a past practice that has created a constructive obligation

(iv) Share based payments

Information relating to the Employee Incentive Scheme (EIS) is set out in note 26.

Employee incentive scheme

Security based compensation benefits are provided to employees via the EIS. The non-recourse loans issued under the General Scheme, which are used to acquire GPT stapled securities on market, create a synthetic option. The notional fair value of the implied option in respect of the loans is recognised as an employee benefit expense with a corresponding increase in the employee incentive scheme reserve in equity. The fair value at grant date is calculated using the Monte Carlo pricing model and recognised over the period during which the employees become unconditionally entitled to the GPT stapled securities.

The recourse loans issued to certain GPT employees under the Long Term Incentive (LTI) Scheme are included in non-current receivables. Any repayments of the loans by employees reduce the amount of the outstanding loans included in non-current receivables.

(ac) Contributed equity

Ordinary units and shares are classified as equity and recognised at the fair value of the consideration received by GPT. Any transaction costs arising on the issue of ordinary securities are recognised directly in equity as a reduction, net of tax, of the proceeds received.

(ad) Distributions and dividends

Distributions and dividends are paid to GPT stapled securityholders each quarter. A provision for distribution or dividend is made for the amount of any distribution or dividend declared on or before the end of the financial year but not distributed at reporting date.

(ae) Earnings per stapled security (EPS)

Basic earnings per stapled security is calculated as net profit attributable to securityholders of GPT divided by the weighted average number of ordinary securities outstanding during the financial year, adjusted for bonus elements in ordinary securities issued during the financial year. Diluted earnings per security is calculated as net profit attributable to securityholders of GPT divided by the weighted average number of ordinary securities and dilutive potential ordinary securities, adjusted for any bonus issue. Where there is no difference between basic earnings per stapled security and diluted earnings per stapled security, the term basic and diluted earnings per stapled security is used.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2007

1. Summary of significant accounting policies (continued)

(af) Critical accounting estimates and judgements

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management bases its judgments and estimates on historical experience and other various factors it believes to be reasonable under the circumstances, but which are inherently uncertain and unpredictable, the result of which form the basis of the carrying values of assets and liabilities. The resulting accounting estimates may differ from the actual results under different assumptions and conditions.

The key estimates and assumptions that have a significant risk of causing a material adjustment within the next financial year to the carrying amounts of assets and liabilities recognised in these financial statements are:

(i) Valuation of property investments

Critical judgements are made by GPT in respect of the fair values of investments in associates and joint ventures (note 1(c)), investment properties (note 1(p), warehoused investment properties (note 1(n)), owner occupied hotel properties (note 1(q)) and property under development (note 1(q)). The fair value of these investments are reviewed regularly by management with reference to external independent property valuations and market conditions existing at reporting date, using generally accepted market practices. The critical assumptions underlying management's estimates of fair values are those relating to the receipt of contractual rents, expected future market rentals, maintenance requirements, discount rates that reflect current market uncertainties and current and recent property investment prices. If there is any change in these assumptions or regional, national or international economic conditions, the fair value of property investments may differ.

(ii) Valuation of assets acquired in business combinations

The fair value of assets acquired and liabilities assumed in a business combination as well as the goodwill and intangible assets arising from the business combination requires significant estimates and assumptions particularly concerning the future performance of the assets and business(s) purchased and the fair values for contingent liabilities (if any) which had not been previously required to be recognised or valued by the seller.

(iii) Valuation of financial instruments

Fair value of indemnities and guarantees provided by GPT are estimated based on future events which are reasonably likely, but which may not occur. The fair value of derivative assets and liabilities are based on assumptions of future events and involve significant estimates. The basis of valuation for GPT's derivatives are set out in note 1(x) however the fair values of derivatives reported at 31 December 2007 may differ if there is volatility in market rates, indexes, equity prices or foreign exchange rates in future periods.

(iv) Impairment of assets

Assets, excluding goodwill, are assessed for impairment each reporting date by evaluating whether any impairment triggers exist. Where impairment triggers exist, management review the allocation of cash flows to those assets and estimate a fair value for the assets. Critical judgements are made by GPT in setting appropriate impairment triggers for its assets and the assumptions used when determining fair values for assets where triggers exist.

GPT also tests annually whether goodwill is impaired. As goodwill is assigned to CGUs, this requires an estimation of the recoverable amount of the CGUs to which the goodwill is assigned. The assumptions used by GPT when estimating the future cash flows for the CGUs, which are based on future events, are critical in supporting the carrying value of goodwill. These assumptions are detailed in note 15.

When appropriate, independent third party firms are engaged to assist in determining the fair values of assets and entities. These valuations, whether performed by GPT or an independent third party, require the use of management's assumptions, which would not reflect unanticipated events and circumstances that may occur.

(v) Warehoused investment property assets

GPT classifies its warehoused investment property assets as current inventory and the borrowings related to those properties as current borrowings on the basis that the investment property assets have been acquired to ultimately sell to external investors in proposed funds. Marketing and selling the funds is anticipated to take approximately twelve months, however external factors including global economic conditions could affect the timing of any sale.

(vi) Share based payment transactions

The Group measures the cost of equity settled securities allocated to employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by an external valuer using the Monte Carlo method, as discussed in note 26.

(ag) Rounding of amounts

The GPT Group is of a kind referred to in the Australian Securities & Investments Commission Class Order 98/0100. Accordingly, amounts in the financial report have been rounded to the nearest tenth of a million dollars in accordance with the Class Order, unless stated otherwise.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2007

2. Segment Reporting (includes net profit after income tax to realised operating income reconciliation)

Primary reporting format – business segments
GPT is organised on a global basis into activities by business segment as set out below:

Income Statement - 31 December 2007

	Retail	Office	Industrial	Hotel & Tourism	Seniors Housing	Funds Management	Joint Venture	Corporate	Total
	$M	$M	$M	$M	$M	$M	$M	$M	$M
(a) **Revenue**									
Rent from investment properties	325.7	79.6	54.9	17.0	-	19.8	-	-	**497.0**
Revenue from hotel operations	-	-	-	220.3	-	-	-	-	**220.3**
Property and fund management fees	14.5	-	-	-	-	49.9	-	1.3	**65.7**
	340.2	79.6	54.9	237.3	-	69.7	-	1.3	**783.0**
Other income									
Fair value adjustments to investment properties	231.4	179.7	24.2	23.2	-	-	-	-	**458.5**
Share of after tax profits of equity accounted investments									
- net operating income	38.9	104.0	-	1.9	10.1	(1.7)	35.3	(0.2)	**188.3**
- clawback of income top-up	-	-	-	-	-	-	(25.6)	-	**(25.6)**
- fair value adjustments	15.4	281.1	-	(0.3)	(0.6)	-	10.4		**306.0**
Dividend from other investments	-	-	-	0.4	-	-	-	-	**0.4**
Interest revenue - joint venture investment arrangements	-	-	-	0.1	7.1	-	89.5	1.1	**97.8**
Interest revenue - cash and short term money market securities	-	-	-	0.7	-	1.1	-	13.3	**15.1**
Net foreign exchange gain	-	-	-	-	-	(0.2)	-	23.2	**23.0**
Net gain on fair value of derivatives	-	-	-	-	-	1.0	-	(0.4)	**0.6**
Net gain/(loss) on disposal of fixed assets	-	-	-	-	-	-	-	-	**-**
	285.7	**564.8**	**24.2**	**26.0**	**16.6**	**0.2**	**109.6**	**37.0**	**1,064.1**
Total segment revenue	**625.9**	**644.4**	**79.1**	**263.3**	**16.6**	**69.9**	**109.6**	**38.3**	**1,847.1**
Expenses									
Property expenses and outgoings	89.2	22.8	7.3	0.5	-	1.3	-	-	**121.1**
Expenses from hotel operations	-	-	-	172.2	-	-	-	-	**172.2**
Management and other administration costs	9.5	-	-	-	-	42.6	-	40.3	**92.4**
Depreciation and amortisation expense	6.8	-	-	13.5	-	0.5	-	1.1	**21.9**
Finance costs	-	-	-	-	-	15.8	-	227.1	**242.9**
Impairment expense	-	-	-	1.4	-	-	-	-	**1.4**
Net loss/(gain) on fair value of derivatives	-	-	-	-	-	-	-	-	**-**
Net foreign exchange loss	-	-	-	-	-	-	-	-	**-**
Net loss/(gain) on disposal of fixed assets	0.1	-	-	0.3	-	(0.4)	-	0.1	**0.1**
Costs associated with internalisation/merger proposal	-	-	-	-	-	-	-	4.1	**4.1**
Total expenses	**105.6**	**22.8**	**7.3**	**187.9**	**-**	**59.8**	**-**	**272.7**	**656.1**
Segment result for the financial year	**520.3**	**621.6**	**71.8**	**75.4**	**16.6**	**10.1**	**109.6**	**(234.4)**	**1,191.0**
Income tax expense								8.5	**8.5**
Net profit for the financial year									**1,182.5**
(b) adjusted for:									
Fair value adjustments to investment properties	(231.4)	(179.7)	(24.2)	(23.2)	-	-	-	-	**(458.5)**
Fair value adjustments to equity accounted investments	(15.4)	(281.1)	-	0.3	0.6	-	(10.4)	-	**(306.0)**
JV adjustments - realised	-	-	-	-	-	-	61.5	-	**61.5**
Net foreign exchange gains and net gain on derivatives	-	-	-	-	-	(0.8)	-	(22.8)	**(23.6)**
Net receipts from interest rate derivatives	-	-	-	-	-	-	-	53.8	**53.8**
Realised net exchange gains	-	-	-	-	-	-	-	10.6	**10.6**
Net receipts from property derivatives	-	-	-	-	-	-	-	11.1	**11.1**
Impairment expense	-	-	-	1.4	-	-	-	-	**1.4**
Depreciation and amortisation expense	6.8	-	-	13.5	-	-	-	-	**20.3**
Net loss on disposal of assets	0.1	-	-	0.3	-	-	-	-	**0.4**
Costs associated with internalisation/merger proposal	-	-	-	-	-	-	-	4.1	**4.1**
Non-cash revenue adjustments	14.1	7.1	0.1	-	-	-	-	-	**21.3**
Development profit on Workplace6	-	21.4	-	-	-	-	-	-	**21.4**
Impact of external Minority interest	-	-	-	-	-	2.0	-	-	**2.0**
Tax allocations	(1.6)	-	-	4.7	(0.6)	(4.5)	(9.7)	9.7	**(2.0)**
Other	-	0.6	-	0.1	3.3	1.8	-	(1.0)	**4.8**
Realised operating income for the financial year	**292.9**	**189.9**	**47.7**	**72.5**	**19.9**	**8.6**	**151.0**	**(177.4)**	**605.1**

Balance Sheet - 31 December 2007

Current Assets									
Assets classified as held for sale	-	-	-	-	-	-	-	-	**-**
Inventories	-	-	-	7.1	-	397.3	-	-	**404.4**
Other current assets	-	-	-	-	-	-	-	785.5	**785.5**
Total Current Assets	-	-	-	7.1	-	397.3	-	785.5	**1,189.9**
Non-Current Assets									
Investment properties	3,828.6	1,235.1	702.2	221.3	-	-	-	-	**5,987.2**
Equity accounted investments (refer to Note 12(c))	976.7	1,853.8		10.6	232.2	49.0	373.6	23.6	**3,519.5**
Property, plant and equipment	477.3	58.2	35.6	629.6	-	-	-	20.6	**1,221.3**
Loans and receivables	-	-	-	-	75.0	56.6	1,636.6	73.1	**1,841.3**
Intangible assets	42.3	-	-	26.8	-	121.8	-	-	**190.9**
Other investments	-	-	-	0.7	-	-	-	2.9	**3.6**
Deferred tax assets	-	-	-	-	-	-	-	13.2	**13.2**
Total Non-Current Assets	5,324.9	3,147.1	737.8	889.0	307.2	227.4	2,010.2	133.4	**12,777.0**
Total Assets	5,324.9	3,147.1	737.8	896.1	307.2	624.7	2,010.2	918.9	**13,966.9**
Current and non-current liabilities	-	-	-	-	-	310.4	-	5,361.1	**5,671.5**
Total Liabilities	-	-	-	-	-	310.4	-	5,361.1	**5,671.5**
Net Assets	5,324.9	3,147.1	737.8	896.1	307.2	314.3	2,010.2	(4,442.2)	**8,295.4**

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2007

2. Segment Reporting (includes net profit after income tax to realised operating income reconciliation) (continued)

Primary reporting format – business segments

Income Statement - 31 December 2006

	Retail $M	Office $M	Industrial $M	Hotel & Tourism $M	Seniors Housing $M	Funds Management $M	Joint Venture $M	Corporate $M	Total $M
(a) **Revenue**									
Rent from investment properties	436.2	162.7	45.3	15.5	-	-	-	-	659.7
Revenue from hotel operations	-	-	-	226.6	-	-	-	-	226.6
Property and fund management fees	6.0	-	-	-	-	8.7	-	-	14.7
	442.2	162.7	45.3	242.1	-	8.7	-	-	901.0
Other income									
Fair value adjustments to investment properties	478.8	152.2	26.7	13.2	-	-	-	-	670.9
Share of after tax profits of equity accounted investments									
- net operating income	8.8	84.3	-	1.2	-	-	25.0	2.7	122.0
- receipt of income top-up	-	-	-	-	-	-	19.8	-	19.8
- fair value adjustments	11.7	136.9	-	-	-	-	33.5	-	182.1
Interest revenue - joint venture investment arrangements	-	-	-	3.4	-	-	57.9	1.3	62.6
Interest revenue - cash and short term money market securities	-	-	-	-	-	-	-	6.7	6.7
Net foreign exchange gain	-	-	-	-	-		-	-	-
Net gain on fair value of derivatives	-	-	-	-	-	-	-	89.9	89.9
Net gain/(loss) on disposal of fixed assets	7.3	-	2.8	0.7	-	-	-	-	10.8
	506.6	373.4	29.5	18.5	-	-	136.2	100.6	1,164.8
Total segment revenue	948.8	536.1	74.8	260.6	-	8.7	136.2	100.6	2,065.8
Expenses									
Property expenses and outgoings	117.8	40.9	6.2	0.4	-	-	-	-	165.3
Expenses from hotel operations	-	-	-	173.8	-	-	-	-	173.8
Management and other administration costs	-	-	-	-	-	4.8	-	32.3	37.1
Depreciation and amortisation expense	5.1	-	-	13.2		-	-	1.5	19.8
Finance costs	-	-	-	-	-	-	-	225.2	225.2
Impairment expense	-	6.9	-	19.5	-	-	1.6	-	28.0
Net foreign exchange loss	-	-	-	-	-	-	-	17.8	17.8
Net loss on fair value of derivatives	-	-	-	-	-	-	-	-	-
Net loss on disposal of assets	-	-	-	-	-	-	-	-	-
Costs associated with internalisation/merger proposal	-	-	-	-	-	-	-	13.6	13.6
Total expenses	122.9	47.8	6.2	206.9	-	4.8	1.6	290.4	680.6
Segment result for the financial year	825.9	488.3	68.6	53.7	-	3.9	134.6	(189.8)	1,385.2
Income tax expense								1.2	1.2
Net profit for the financial year									1,384.0
(b) adjusted for:									
Fair value adjustments to investment properties	(478.8)	(152.2)	(26.7)	(13.2)	-	-	-	-	(670.9)
Fair value adjustments to equity accounted investments	(11.7)	(136.9)	-	-	-	-	(33.5)	-	(182.1)
JV adjustments - realised	-	-	-	-	-	-	-	-	-
Net foreign exchange gains and net gain on derivatives	-	-	-	-	-	-	-	(72.1)	(72.1)
Net receipts from interest rate derivatives	-	-	-	-	-	-	-	24.7	24.7
Impairment expense	-	6.9	-	19.5	-	-	1.6	-	28.0
Depreciation and amortisation expense	5.1	-	-	13.2	-	-	-	1.5	19.8
Net loss on disposal of assets	(7.3)	-	(2.8)	(0.7)	-	-	-	-	(10.8)
Costs associated with internalisation/merger proposal	-	-	-	-	-	-	-	13.6	13.6
Non-cash revenue adjustments	5.6	10.8	0.2	-	-	-	-	-	16.6
Early completion of Darling Park 3	-	5.3	-	-	-	-	-	-	5.3
Tax allocations	-	-	-	4.3	-	(1.6)	(2.3)	(0.4)	-
Other	0.2	(0.1)	-	-	-	-	(0.2)	2.6	2.5
Realised operating income for the financial year	339.0	222.1	39.3	76.8	-	2.3	100.2	(221.1)	558.6

Balance Sheet - 31 December 2006

Current Assets									
Assets classified as held for sale	1,955.8	-	-	-	-	-	-	-	1,955.8
Inventories	-	-	-	7.3	-	-	-	-	7.3
Other current assets	-	-	-	-	-	-	-	312.8	312.8
Total Current Assets	1,955.8	-	-	7.3	-	-	-	312.8	2,275.9
Non-Current Assets									
Investment properties	3,491.7	935.7	604.1	197.1	-	-	-	-	5,228.6
Equity accounted investments (refer to Note 12(c))	163.6	1,567.6	-	9.0	132.8	-	309.2	17.0	2,199.2
Property, plant and equipment	149.3	64.3	58.2	607.1	-	-	-	13.0	891.9
Loans and receivables	-	-	-	1.9	83.7	-	1,198.4	38.2	1,322.2
Intangible assets	46.1	-	-	28.0	-	-	-	-	74.1
Other investments	-	-	-	0.7	-	-	-	-	0.7
Deferred tax assets	-	-	-	-	-	-	-	9.3	9.3
Total Non-Current Assets	3,850.7	2,567.6	662.3	843.8	216.5	-	1,507.6	77.5	9,726.0
Total Assets	5,806.5	2,567.6	662.3	851.1	216.5	-	1,507.6	390.3	12,001.9
Current and non-current liabilities	-	-	-	-	-	-	-	4,559.8	4,559.8
Total Liabilities	-	-	-	-	-	-	-	4,559.8	4,559.8
Net Assets	5,806.5	2,567.6	662.3	851.1	216.5	-	1,507.6	(4,169.5)	7,442.1

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2007

2. Segment Reporting (includes net profit after income tax to realised operating income reconciliation) (continued)

	Retail	Office	Industrial	Hotel & Tourism	Seniors Housing	Funds Management	Joint Venture	Corporate	Total
	$M	$M	$M	$M	$M	$M	$M	$M	$M
(c) Share of joint ventures and associates' net profits for the year ended 31 December 2007									
Revenue	81.2	411.8	-	29.6	180.0	(1.7)	295.6	2.4	**998.9**
Expenses	26.9	26.7	-	28.0	170.5	-	269.3	2.6	**524.0**
Profit before income tax expense	54.3	385.1	-	1.6	9.5	(1.7)	26.3	(0.2)	**474.9**
Income tax expense	-	-	-	-	-	-	6.2	-	**6.2**
Share of net profits of joint venture and associate interests	54.3	385.1	-	1.6	9.5	(1.7)	20.1	(0.2)	**468.7**

Refer to note 12(b) for an analysis by geographic segment of GPT's share of net profits from joint ventures and associates.

(d) Share of joint ventures and associates' assets and liabilities as at 31 December 2007

GPT's share of its joint ventures and associates' balance sheet by the business segment they operate in are set out below. Key asset and liability categories have been individually presented for further detail.

Cash and cash equivalents	6.0	7.7	-	3.0	21.4	4.1	101.9	3.8	**147.9**
Other assets	2.2	63.9	-	3.3	30.9	3.4	239.9	29.2	**372.8**
Property investments and loans	1,045.3	1,976.9	-	11.0	795.7	186.9	3,218.4	55.7	**7,289.9**
Total assets	1,053.5	2,048.5	-	17.3	848.0	194.4	3,560.2	88.7	**7,810.6**
Other liabilities	30.9	45.3	-	3.8	45.4	7.4	186.4	27.9	**347.1**
Borrowings									
- The GPT Group	-	-	-	-	70.7	-	818.3	18.2	**907.2**
- External - current	-	-	-	-	-	-	136.9	-	**136.9**
- External - non-current	45.9	149.5	-	2.6	499.5	138.0	2,046.4	18.9	**2,900.8**
Total liabilities	76.8	194.8	-	6.4	615.6	145.4	3,188.0	65.0	**4,292.0**
Net assets	976.7	1,853.7	-	10.9	232.4	49.0	372.2	23.7	**3,518.6**

Refer to note 12(c) for an analysis by geographic segment of GPT's share of the joint ventures and associates' balance sheets.

(e) Other disclosures

31 December 2007									
Acquisition of investment properties	71.9	-	-	-	-	-	-	-	**71.9**
Acquisition of property, plant and equipment & intangibles	331.0	100.7	24.2	16.0	-	121.8	-	19.2	**612.9**
Depreciation and amortisation expense	6.8	-	-	13.5	-	0.5	-	1.1	**21.9**
31 December 2006									
Acquisition of investment properties	621.3	-	145.3	-	-	-	-	-	766.6
Acquisition of property, plant and equipment & intangibles	-	8.6	17.8	-	-	-	-	-	26.4
Depreciation and amortisation expense	5.1	-	-	13.2	-	-	-	1.5	19.8

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2007

2. Segment Reporting (includes net profit after income tax to realised operating income reconciliation) (continued)

Business Segments description

Retail segment includes regional, sub-regional and community shopping centres, Homemaker City (bulky goods) centres, retail re-developments and new retail developments as well as property management of retail assets.

Office segment includes office space with associated retail space and office developments.

Industrial segment includes quality traditional industrial and business park assets with capacity for organic growth through the expansion of vacant land as well as industrial re-developments.

Hotel & Tourism segment includes nature-based resorts and hotel assets.

Seniors Housing segment includes investments in a portfolio of established seniors housing assets in the United States of America as well as an interest in the manager of these assets. 2007 is the first year of revenue.

Funds Management segment includes asset and funds management in Australia by GPT Funds Management Limited, the Responsible Entity for GPT Group's wholesale fund business – GPT Wholesale Shopping Centre Fund and GPT Wholesale Office Fund and asset and funds management in Europe through GPT Halverton and Hamburg Trust (refer note 23(a) and (b) respectively). GPT Wholesale Office Fund was the only fund established at 31 December 2006.

Joint Venture segment includes investments in the Babcock & Brown joint venture which is invested in shopping centres and retail formats, light industrial assets, residential assets and office assets in Europe, the United States of America, New Zealand and Australia.

Corporate segment includes inter-segment revenue and expenses, group treasury (including foreign exchange gains and losses), Group operating costs and urban communities.

Secondary reporting format – geographical segments
GPT operates its activities in three main geographical locations as set out below:

	Segment revenues		**Segment assets**		**Acquisition of property. plant and equipment, investment properties**	
	31 Dec 2007 $M	31 Dec 2006 $M	**31 Dec 2007 $M**	31 Dec 2006 $M	**31 Dec 2007 $M**	31 Dec 2006 $M
Australia	**725.3**	901.0	**10,190.8**	9,972.9	**637.5**	1,180.7
Europe	**57.7**	-	**2,276.8**	1,279.9	**-**	-
United States of America	**-**	-	**580.4**	429.2	**-**	-
	783.0	901.0	**13,048.0**	11,682.0	**637.5**	1,180.7
Unallocated	**-**	-	**918.9**	319.9	**-**	-
Total	**783.0**	901.0	**13,966.9**	12,001.9	**637.5**	1,180.7

Australia segment includes the retail, office, industrial and hotel operations of the main operating entity, General Property Trust, the hotel & tourism business, urban communities as well as the Australian funds management operations of GPT Management Holdings Limited.

Europe segment includes the operations carried out throughout Europe but predominantly in the Czech Republic, Denmark, Finland, France, Germany, Poland, the Netherlands, Sweden and the United Kingdom by the joint venture as well GPT Halverton as the European platform of the funds management operations.

United States of America segment includes mainly retail and residential business, carried out by the joint venture and senior housing.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2007

		Consolidated entity		Parent entity	
		31 Dec 2007	31 Dec 2006	**31 Dec 2007**	31 Dec 2006
		$M	$M	**$M**	$M
3. Distributions paid and payable to securityholders					
(a) Distributions paid					
Quarter ended December 2006:	7.0 cents per stapled security paid 28 March 2007 (6.6 cents paid 26 March 2006)	**142.9**	133.1	**142.9**	133.1
Quarter ended March 2007:	7.0 cents per stapled security paid 25 May 2007 (6.7 cents per stapled security paid 25 May 2006)	**142.9**	135.1	**142.9**	135.1
Quarter ended June 2007:	7.3 cents per stapled security paid 21 September 2007 (6.9 cents per stapled security paid 21 September 2006)	**149.9**	140.9	**149.9**	140.9
Quarter ended September 2007:	7.3 cents per stapled security paid 23 November 2007 (6.9 cents per stapled security paid 17 November 2006)	**150.9**	140.9	**150.9**	140.9
Total distributions paid		**586.6**	550.0	**586.6**	550.0
(b) Distributions proposed and not recognised as a liability*					
Quarter ended December 2007:	7.3 cents per stapled security (7.0 cents per stapled security paid 28 March 2007)	**153.3**	142.9	**153.3**	142.9

* The December quarter distribution is expected to be paid on 28 March 2008. No provision for this distribution has been recognised in the balance sheet at 31 December 2007 as the distribution was declared after the end of the financial year.

(c) Distribution Reinvestment Plan

Refer to note 19(a)(i) for information on the distribution reinvestment plan and note 28(c) for distributions satisfied by way of the issue of GPT stapled securities under GPT's distribution reinvestment plan.

4. Earnings per stapled security

	Note	Consolidated Entity	
		31 Dec 2007	31 Dec 2006
		Cents	Cents
(a) Attributable to unitholders of the Trust			
Basic and diluted earnings per unitholder of the Trust		**58.6**	67.1
(b) Attributable to stapled securityholders of the GPT Group			
Basic and diluted earnings per stapled security		**57.6**	68.2
Basic and diluted earnings per stapled security using realised operating income		**29.4**	27.5

The earnings and securities used in the calculations of basic and diluted earnings per unit/stapled security are as follows:

Earnings reconciliation - basic and diluted		**31 Dec 2007**	31 Dec 2006
		$M	$M
Earnings used in calculating:			
Net profit attributable to the unitholders of the Trust		**1,203.7**	1,362.6
Basic and diluted* earnings of the Trust		**1,203.7**	1,362.6
Add: net profit attributable to the securityholders of other stapled entities (minority interest)		**(19.2)**	21.4
Basic and diluted* earnings of the Trust and other entities stapled to the Trust (The GPT Group)		**1,184.5**	1,384.0
Add: net profit attributable to external minority interest		**(2.0)**	-
Basic and diluted* earnings		**1,182.5**	1,384.0
Less: adjusting items in realising distribution income, net of tax	2(b)	**(577.4)**	(825.4)
Basic and diluted realised* operating income of The GPT Group	2(b)	**605.1**	558.6

Weighted average number of units/stapled securities used as the denominator	**No. of securities millions**	**No. of securities millions**
Weighted average number of ordinary securities used in calculating:		
Basic and diluted* earnings per unit - Trust	**2,055.8**	2,030.7
Basic and diluted* earnings per stapled security - The GPT Group	**2,055.8**	2,030.7

4. Earnings per stapled security (continued)

* At 31 December 2007, there are no units or securities on issue which are dilutive or potentially dilutive. As such, the earnings and number of units/securities do not differ between basic and diluted earnings per unit/stapled security. Apart from the distribution reinvestment plan (DRP), there have been no other conversions to, calls of, or subscriptions for ordinary or potential ordinary securities since the reporting date and before the completion of this report.

Under the terms of the DRP, eligible securityholders are able to elect to reinvest all or part of their quarterly distribution in additional securities, free of any brokerage or other transaction costs, rather than being paid in cash. Securities are issued and/or transferred at a predetermined price, less any discount that the directors may elect to apply from time to time. Refer to note 19(a)(i) for further details.

The DRP will apply to the December 2007 quarterly distribution.

		Consolidated entity		Parent entity	
		31 Dec 2007	31 Dec 2006	**31 Dec 2007**	31 Dec 2006
		$M	$M	**$M**	$M

5. Expenses

(a) Expenses from hotel operations					
Costs of sales		**49.2**	39.6	**-**	-
Employee costs		**80.6**	84.1	**-**	-
Property and other outgoings		**35.1**	36.2	**-**	-
Other expenses		**7.3**	13.9	**-**	-
Total expenses from hotel operations		**172.2**	173.8	**-**	-
(b) Depreciation and amortisation					
Depreciation of hotel properties	14(c)	**11.2**	12.9	**-**	-
Depreciation of plant and equipment	14(c)	**2.9**	1.6	**-**	-
Amortisation of management rights & operating rights	15(a)	**7.8**	5.1	**-**	-
Amortisation of lease incentives		**-**	0.2	**-**	-
Total depreciation and amortisation		**21.9**	19.8	**-**	-
(c) Finance costs					
Related parties		**-**	-	**-**	2.4
External entities		**269.7**	231.9	**230.1**	230.8
Interest capitalised*		**(26.8)**	(6.7)	**(7.5)**	(6.7)
Total finance costs		**242.9**	225.2	**222.6**	226.5

* A capitalisation rate of 6.5% (Dec 2006: 6.5 %) has been applied when capitalising interest on qualifying assets.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2007

	Consolidated entity		Parent entity	
	31 Dec 2007	31 Dec 2006	**31 Dec 2007**	31 Dec 2006
	$M	$M	**$M**	$M

6. Tax

(a) Income tax expense				
Current income tax expense	**13.2**	2.6	**-**	-
Deferred income tax expense	**(4.6)**	(1.4)	**-**	-
Income tax expense in the income statement	**8.6**	1.2	**-**	**-**

The prima facie tax on net profit before income tax expense is reconciled to the income tax expense provided in the financial statements as follows:

Net profit before income tax expense	**1,191.0**	1,385.2	**1,051.9**	1,310.6
Less: profit attributed to entities not subject to tax	**(1,205.1)**	(1,363.6)	**(1,051.9)**	(1,310.6)
Net profit before income tax expense	**(14.1)**	21.6	**-**	-
Prima facie income tax expense at 30% tax rate (31 December 2006: 30%)	**(4.2)**	6.5	-	-
Tax effect of amounts not deductible (taxable) in calculating income tax expense:				
Overhead costs	**2.8**	2.0	**-**	-
Impairment of investment	**0.4**	9.5	**-**	-
Controlled foreign company attribution tax	**10.7**	1.2	**-**	-
Withholding tax	**1.4**	1.0	**-**	-
Share of after tax (profits)/losses of equity accounted investments	**(4.3)**	(19.0)	**-**	-
Tax losses not recognised	**1.7**			
Under/(over) provided in prior financial years	**-**	-	**-**	-
Income tax expense/(benefit)	**8.5**	1.2	**-**	**-**
(b) Deferred tax assets				
Employee benefits	**2.3**	4.5	**-**	-
Overhead costs	**3.5**	1.7	**-**	-
Provisions and accruals	**4.9**	3.1	**-**	-
Income received in advance	**1.8**	-	**-**	-
Other	**0.7**	-	**-**	-
Net deferred tax asset	**13.2**	9.3	**-**	**-**
Movement in temporary differences during the financial year				
Opening balance at beginning of the financial year	**9.3**	7.4	**-**	-
Credited/(charged) to the income statement	**3.9**	1.8	**-**	-
Credited/(charged) to equity	**-**	0.1	**-**	-
Closing balance at end of the financial year	**13.2**	9.3	**-**	**-**
(c) Deferred Tax Liability				
Inventories	**-**	0.4	**-**	-
Depreciation and amortisation	**-**	0.3	**-**	-
Net deferred tax liability	-	0.7	**-**	**-**
Movement in temporary differences during the financial year				
Opening balance at beginning of the financial year	**0.7**	0.2	**-**	-
Credited/(charged) to the income statement	**(0.7)**	0.5	**-**	-
Closing balance at end of the financial year	**-**	0.7	**-**	**-**
(d) Tax losses				
Unused tax losses for which no deferred tax asset has been recognised	**8.1**	-	**-**	-
Potential tax benefit @ 30%	**2.4**	-	**-**	**-**

All unused tax losses were incurred by overseas entities.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2007

	Note	Consolidated entity 31 Dec 2007 $M	Consolidated entity 31 Dec 2006 $M	Parent entity 31 Dec 2007 $M	Parent entity 31 Dec 2006 $M
7. Loans and receivables					
(a) **Current assets**					
Trade receivables		**73.2**	38.2	**5.8**	1.6
less: provision for doubtful receivables		**(0.9)**	(1.5)	**-**	(0.3)
		72.3	36.7	**5.8**	1.3
Distributions receivable from associates		**30.5**	12.4	**30.5**	12.4
Distributions receivable from joint ventures		**6.0**	11.2	**5.5**	4.8
Interest receivable from joint ventures		**35.0**	47.9	**33.2**	40.8
Proceeds from the sale of Dutch Active Fundco BV		**80.0**	-	**-**	-
Proceeds from sale of investment property		**-**	21.2	**-**	-
Other debtors		**36.9**	27.9	**28.6**	-
Loan to German Retail Fundco SARL		**10.5**	-	**-**	-
Loans to various GPT Halverton managed funds		**-**	-	**126.9**	-
Loans to related parties		-	-	**129.1**	6.1
Total current loans and receivables		**271.2**	157.3	**359.6**	65.4
(b) **Non-Current assets**					
GPT's investment in joint ventures and associates comprise equity investments (refer note 12) and also the following loans set out below.					
Australian dollar denominated loans with associates and joint ventures					
161 Sussex St Pty Limited		**-**	1.9	**-**	-
BGA Real Estate Finance Trust	(i)	**-**	12.8	**-**	-
BGA Real Estate Finance Trust	(ii)	**29.1**	-	**-**	
Lend Lease GPT (Rouse Hill) Pty Limited		**37.1**	14.5	**-**	-
		66.2	29.2	**-**	**-**
New Zealand dollar denominated loans with associates and joint ventures					
BGA Real Estate Finance Trust	(ii)	**43.7**	-	**-**	**-**
Euro denominated loans with associates and joint ventures					
BGP Investment SARL	(i)	**1,334.6**	991.6	**1,334.6**	991.6
BGP UK Investments Limited		**-**	19.5	**-**	19.5
		1,334.6	1,011.1	**1,334.6**	1,011.1
US dollar denominated loans with associates and joint ventures					
Babcock & Brown GPT REIT Inc	(i)	**152.7**	95.6	**-**	-
B&B GPT Alliance 1 LLC	(i)	**16.6**	15.2	**-**	-
B&B GPT Alliance 2 LLC	(i)	**57.4**	63.7	**-**	-
B&B GPT Holdings (No. 1) LLC	(i)	**2.5**	-	**-**	-
Benchmark GPT LLC	(iii)	**72.7**	81.1	**-**	-
B-VII Operations Holding Co LLC	(iii)	**1.6**	1.8	**-**	-
Benchmark Assisted Living LLC	(iii)	**0.7**	0.8	**-**	-
		304.2	258.2	**-**	-
Loans to employees	26	**36.0**	23.7	**-**	-
Loan to Babcock & Brown Residential Operating Partnership LE	(iv)	**56.6**	-	**-**	-
Loan to GPT Management Holdings Limited	27	**-**	-	**56.3**	-
Loan to Voyages Hotels & Resorts Pty Limited	(v)	**-**	-	**57.3**	48.0
Total non-current loans and receivables		**1,841.3**	1,322.2	**1,448.2**	1,059.1

(i) This is the preferred capital provided to entities in the Babcock & Brown joint venture as part of the funding of the joint venture arrangement (refer to note 12(a)(i)). The loans are fixed over various periods of three years commencing from June 2005. At the end of each period the interest rate is reset to the three year swap rate prevailing at the time of the reset. The interest earned by GPT is the equivalent to the three year swap rate at the time of funding plus an average of 280 basis points which is paid quarterly in arrears in the loan's functional currency. At 31 December 2007, the average interest rate on the euro loans is 6.20% (Dec 2006: 5.95%), USD loans are 7.82% (Dec 2006: 7.94%) and AUD loan is 10.10% (Dec 2006: 9.10%).

(ii) The Trust was established on 20 December 2007 and is a different entity from the BGA Real Estate Finance Trust which existed in 2006 at note 12(a)(i).

(iii) These are loans provided to the Benchmark entities as part of the funding of the Benchmark joint venture arrangement. The loans are repayable on 31 December 2016 with interest payable at 9% compounded monthly.

(iv) This US dollar preferred capital of USD $50.2 million (AUD $56.6 million) has been provided for a portfolio of 22 residential properties and apartments. GPT is entitled to an 8% return with further upside to a higher internal rate of return should certain events occur. GPT has the right to put the loan back to Babcock & Brown (US) LC on 30 June 2009.

(v) The loan, which was provided for working capital purposes, is interest bearing at 7.99% and repayable on 30 June 2011, with an option to extend for three years upon issuing notice to GPT.

NOTES TO THE FINANCIAL STATEMENTS
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	Note	Consolidated entity 31 Dec 2007 $M	Consolidated entity 31 Dec 2006 $M	Parent entity 31 Dec 2007 $M	Parent entity 31 Dec 2006 $M
8. Inventories					
Hotel merchandise:					
General supplies - at cost		**1.0**	1.2	-	-
Food and beverage - at cost		**2.5**	2.3	-	-
Retail - at cost		**3.3**	3.4	-	-
Other - at cost		**0.3**	0.4	-	-
Warehoused property investments*:	1(n)				
Scandinavian Active Fund		**8.5**	-	-	-
H20 Fund		**280.6**	-	-	-
Hamburg Trust Alliance Fund		**108.2**	-	-	-
Total inventories		**404.4**	7.3	-	-

* GPT, through its European funds management platform, has acquired investment properties in Europe (Scandinavian Active Fund Holdco AB and H20 Fund) and the United States of America (Hamburg Trust Alliance Fund) with a view to establishing a number of specialised property funds. In line with management's strategy, the property funds are expected to be marketed and sold to external investors in the short to medium term (refer note 1(af)(v)).

9. Derivative financial instruments					
Current assets					
Interest rate swaps		**67.8**	42.4	**66.2**	42.4
Knock-out swaps		**3.6**	10.8	**3.6**	10.8
Barrier/trigger option swaps		**13.2**	7.5	**13.2**	7.5
Sold interest rate options		**7.0**	7.1	**7.0**	7.1
Forward foreign exchange contracts		**3.2**	8.9	**3.2**	8.9
Foreign exchange trigger contracts		**11.7**	2.7	**11.7**	2.7
Property derivatives		**36.9**	-	**36.9**	-
Total current derivative assets		**143.4**	79.4	**141.8**	79.4
Current liabilities					
Interest rate swaps		**26.2**	9.7	**25.7**	9.7
Barrier/trigger option swaps		**60.0**	0.4	**60.0**	0.4
Sold interest rate options		**37.0**	5.2	**37.0**	5.2
Forward foreign currency contracts		**2.1**	6.5	**2.1**	6.5
Foreign exchange trigger contracts		**15.4**	3.7	**15.4**	3.7
Total current derivative liabilities		**140.7**	25.5	**140.2**	25.5

GPT does not speculatively trade in derivative financial instruments and the terms and conditions of the derivative financial instruments are similar to the terms and conditions of the underlying items being economically hedged. Refer to note 31 for further details.

10. Non-current assets classified as held for sale					
Investment properties:					
Carlingford Court		**-**	192.0	-	-
Chirnside Park		**-**	200.0	-	-
Forestway		**-**	78.1	-	-
Highpoint		**-**	622.5	-	-
Homemaker Maribyrnong		**-**	59.0	-	-
Macarthur Square		**-**	411.5	-	-
Parkmore		**-**	175.0	-	-
Wollongong Central		**-**	217.7	-	-
Total non-current assets classified as held for sale		**-**	1,955.8	**-**	-

The GPT Wholesale Shopping Centre Fund (GWSCF) was established on 30 March 2007. GPT received cash proceeds of $1.2 billion by way of capital reduction in respect of its units in GWSCF upon entry of the new wholesale investors. The Trust currently owns 39.92% of the GWSCF at a value of $817.4 million at 31 December 2007. GPT's investment in GWSCF is accounted for as an associate (refer note 12(a)(ii)) and remains in the retail segment in note 2.

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	Note	Consolidated entity 31 Dec 2007 $M	Consolidated entity 31 Dec 2006 $M	Parent entity 31 Dec 2007 $M	Parent entity 31 Dec 2006 $M
11. Investment properties					
Retail **	11(b)	**3,828.6**	3,491.7	**2,637.4**	2,412.7
Office **	11(c)	**1,235.1**	935.7	**733.9**	604.5
Industrial	11(d)	**702.2**	604.1	**408.0**	334.1
Hotel & Tourism	11(e)	**221.3**	197.1	**-**	-
Total investment properties		**5,987.2**	5,228.6	**3,779.3**	3,351.3

** Melbourne Central has been allocated 64.6% Retail ($720.2 million) and 35.4% Office ($394.4 million) (Dec 2006: 64% Retail ($577.0 million) and 36% Office ($331.2 million)).

(a) Reconciliation

Carrying amount at beginning of the financial year		**5,228.6**	7,245.1	**3,351.3**	3,378.3
Additions (including capitalisations)		**75.7**	99.3	**62.2**	35.9
Acquisitions		**71.9**	766.6	**120.0**	-
Disposals		**-**	(1,040.6)	**-**	(218.1)
Revaluations		**458.5**	670.9	**212.3**	298.3
Transfers from property, plant and equipment	14(c)	**156.6**	83.8	**30.2**	-
Transfers to property, plant and equipment	14(c)	**-**	(22.9)	**-**	(22.9)
Transfers of properties to held for sale classification		**-**	(1,955.8)	**-**	-
Transfers to equity accounted investments		**-**	(634.8)	**-**	(134.1)
Lease Incentives		**16.0**	33.9	**11.0**	20.0
Amortisation of lease incentives		**(21.7)**	(19.0)	**(8.6)**	(7.3)
Leasing costs		**1.6**	2.1	**0.9**	1.2
Carrying amount at end of the financial year		**5,987.2**	5,228.6	**3,779.3**	3,351.3

Details of GPT's Investment Properties

(b) Retail

	Ownership Interest [1] %	Acquisition Date	Fair Value 31 Dec 2007 $M	Fair Value 31 Dec 2006 $M	Latest Independent Valuation Date	Valuer
Casuarina Square, NT	100.0	Oct 1973	415.0	384.6	Mar 2006	CB Richard Ellis Pty Limited
Charlestown Square, NSW	100.0	Dec 1977	444.5	429.0	Mar 2006	Knight Frank Valuations
Pacific Highway, Charlestown, NSW	100.0	Oct 2002 / Jul 2003	15.2	15.2	Mar 2006	Knight Frank Valuations
Dandenong Plaza, VIC	100.0	Dec 1993 / Dec 1999	225.0	215.6	Sep 2006	Colliers Pty Limited
Erina Fair, NSW [5]	33.3	Jun 1992	273.2	286.2	Mar 2006	CB Richard Ellis Pty Limited
Floreat Forum, WA [3]	100.0	Jul 1996	135.0	-	Sep 2007	CB Richard Ellis Pty Limited
Westfield Penrith, NSW	50.0	Jun 1971	512.2	485.0	Mar 2007	Knight Frank Valuations
Sunshine Plaza, QLD	50.0	Dec 1992 / Sep 2004	332.6	313.9	Mar 2007	Knight Frank Valuations
Plaza Parade, QLD	50.0	Jun 1999	13.6	13.5	Mar 2007	Knight Frank Valuations
Westfield Woden, ACT	* 50.0	Feb 1986	271.1	269.7	Mar 2006	CB Richard Ellis Pty Limited
Total Parent Entity			**2,637.4**	**2,412.7**		
Floreat Forum, WA [3]	100.0	Jul 1996	-	120.0	-	-
Homemaker City, Aspley, QLD	100.0	Nov 2001	70.0	65.9	Jun 2005	Knight Frank Valuations
Homemaker City, Bankstown, NSW	100.0	Nov 2001	50.0	51.7	Sep 2006	CB Richard Ellis Pty Limited
Homemaker City, Cannon Hill, QLD	100.0	Nov 2001	22.0	20.9	Sep 2006	CB Richard Ellis Pty Limited
Homemaker City, Fortitude Valley, QLD	100.0	Dec 2001	140.0	132.3	Sep 2006	CB Richard Ellis Pty Limited
Homemaker City, Jindalee, QLD	100.0	Nov 2001	69.1	63.4	Sep 2007	CB Richard Ellis Pty Limited
Homemaker City, Mt Gravatt, QLD	100.0	Nov 2001	25.3	25.3	Mar 2005	Knight Frank Valuations
Homemaker City, Windsor, QLD	100.0	Nov 2001	22.7	22.5	Jun 2005	CB Richard Ellis Pty Limited
Newcastle CBD, NSW	100.0	Jun 2007	71.9	-	-	-
Melbourne Central, VIC - retail portion [2]	100.0	May 1999 / May 2001	720.2	577.0	Sep 2007	CB Richard Ellis Pty Limited
Total Consolidated Entity			**3,828.6**	**3,491.7**		

(c) Office

Australia Square, Sydney, NSW	50.0	Sep 1981	300.0	237.6	Jun 2007	Savills (NSW) Pty Limited
MLC Centre, Sydney, NSW	50.0	Apr 1987	397.5	339.5	Jun 2006	Jones Lang LaSalle
77 Eagle Street, Brisbane, QLD	100.0	Apr 1984	36.4	27.4	Jun 2006	Jones Lang LaSalle
Total Parent Entity			**733.9**	**604.5**		
Melbourne Central, VIC - office portion [2]	100.0	May 1999 / May 2001	394.4	331.2	Sep 2007	CB Richard Ellis Pty Limited
818 Bourke St, Victoria Harbour, VIC	100.0	Jun 2006	106.8	**-**	-	-
Total Consolidated Entity			**1,235.1**	**935.7**		

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	Ownership Interest [1] %	Acquisition Date	Fair Value 31 Dec 2007 $M	Fair Value 31 Dec 2006 $M	Latest Independent Valuation Date	Valuer
11. Investment properties (continued)						
(d) Industrial						
2-4 Harvey Road, Kings Park, NSW	100.0	May 1999	47.0	32.2	Mar 2005	Savills (NSW) Pty Limited
Citi-West Industrial Estate, Altona North, VIC	100.0	Aug 1994	76.3	69.8	Mar 2006	Savills (VIC) Pty Limited
Quad 1, Sydney Olympic Park, NSW	* 100.0	Jun 2001	19.3	16.8	Jun 2007	CB Richard Ellis Pty Limited
Quad 2, Sydney Olympic Park, NSW	* 100.0	Dec 2001	21.7	19.3	Jun 2007	CB Richard Ellis Pty Limited
Quad 3, Sydney Olympic Park, NSW	* 100.0	Mar 2003	22.7	20.2	Mar 2006	Colliers Pty Limited
Quad 4, Sydney Olympic Park, NSW	* 100.0	June 2004	34.1	-	Sep 2007	CB Richard Ellis Pty Limited
8 Herb Elliott, Sydney Olympic Park, NSW	* 100.0	Aug 2004	9.0	8.5	Jun 2007	CB Richard Ellis Pty Limited
5 Figtree Drive, Sydney Olympic Park, NSW	* 100.0	Jul 2005	20.4	20.3	-	-
7 Figtree Drive, Sydney Olympic Park, NSW	* 100.0	Jul 2004	10.8	10.2	Jun 2007	CB Richard Ellis Pty Limited
7 Parkview Drive, Sydney Olympic Park, NSW	* 100.0	May 2002	19.1	18.4	Jun 2007	CB Richard Ellis Pty Limited
Rosehill Business Park, Camellia, NSW	100.0	May 1998	73.0	70.2	Sep 2006	CB Richard Ellis Pty Limited
15 Berry Street, Granville, NSW	100.0	Nov 2000	14.6	14.5	Sep 2006	CB Richard Ellis Pty Limited
19 Berry Street, Granville, NSW	100.0	Dec 2000	26.7	20.7	Sep 2006	CB Richard Ellis Pty Limited
973 Fairfield Road, Yeerongpilly, QLD	100.0	Dec 2005	13.3	13.0	-	-
Total Parent Entity			**408.0**	**334.1**		
Austrak Business Park, Somerton, VIC	50.0	Oct 2003	144.7	124.1	Sep 2006	Knight Frank Valuations
134-140 Fairbairn Road, Sunshine West, VIC	100.0	Mar 2006	14.0	13.5	-	-
116 Holt Street, Pinkenba, QLD	100.0	Mar 2006	15.0	14.3	-	-
Block 1 & 4 Section 15, Sandford St, Mitchell, ACT	* 100.0	Mar 2006	9.9	9.6	-	-
31 Vision Drive, Burwood East, VIC	100.0	Mar 2006	10.5	10.5	-	-
4 Holker Street, Silverwater, NSW	100.0	Mar 2006	34.3	34.2	-	-
120 Miller Road, Villawood, NSW	100.0	Apr 2006	20.0	18.1	-	-
372-374 Victoria Street, Wetherill Park, NSW	100.0	Jul 2006	22.1	22.1	-	-
18 - 24 Abbott Road, Seven Hills, NSW	100.0	Oct 2006	15.5	15.4	-	-
Lots 42 & 44 Ocean Steamers Drive, Port Adelaide, SA	50.0	Jul 2006	8.2	8.2	-	-
Total Consolidated Entity			**702.2**	**604.1**		
(e) Hotel & Tourism						
Four Points by Sheraton Hotel, Sydney, NSW [4]	* 100.0	May 2000	228.3	204.1	Mar 2005	Knight Frank Valuations
			(7.0)	(7.0)		
Total Consolidated Entity			**221.3**	**197.1**		

(1) Freehold, unless otherwise marked with a * which denoted leasehold.
(2) Melbourne Central: 64.6% Retail and 35.4% Office (2006: 64% Retail and 36% Office).
(3) Floreat Forum was internally transferred at fair value ($120.0m) on 1 April 2007 to the Trust.
(4) Security deposit held by GPT.
(5) Erina Fair is 33.3% directly owned by the Trust. A further 16.7% is owned through a 50% share of Erina Property Trust, a joint venture with APPF (refer note 12(a)(i)).

Investment properties held in equity accounted investments are set out in note 12. Properties under development are classified as property, plant and equipment – refer note 14. Hotel investments which are owned and operated by GPT are classified as property, plant and equipment – refer note 14. The basis of valuation of investment properties remains unchanged – being the amounts for which the assets could be exchanged between willing parties in an arm's length transaction. All independent valuations have been carried out by qualified valuers.

		Consolidated entity		Parent entity	
		31 Dec 2007	31 Dec 2006	**31 Dec 2007**	31 Dec 2006
	Note	**$M**	$M	**$M**	$M
(f) Operating lease receivables from investment property tenants					
The investment properties are leased to tenants under long term operating leases with rentals payable monthly. Minimum lease payments receivable under non-cancellable operating leases of investment properties are as follows:					
Due within one year		**450.4**	702.7	**233.3**	229.4
Due between one and five years		**1,207.3**	1,937.0	**595.9**	563.9
Due after five years		**658.6**	1,066.5	**253.8**	256.6
		2,316.3	3,706.2	**1,083.0**	1,049.9

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	Note	Consolidated entity 31 Dec 2007 $M	Consolidated entity 31 Dec 2006 $M	Parent entity 31 Dec 2007 $M	Parent entity 31 Dec 2006 $M
12. Equity accounted investments					
Investments in joint ventures	(a)(i)	**1,554.0**	1,266.0	**951.8**	828.2
Investments in associates	(a)(ii)	**1,965.5**	933.2	**1,651.5**	853.8
Total equity accounted investments		**3,519.5**	2,199.2	**2,603.3**	1,682.0

Details of GPT's Joint Ventures and Associates

Name	Principal Activity	Ownership Interest 2007 %	Ownership Interest 2006 %				
(a)(i) Joint Ventures							
Entities incorporated in Australia							
1 Farrer Place Trust [1]	Investment property	50.00	50.00	**371.1**	321.1	**371.1**	321.1
2 Park Street Trust [1]	Investment property	50.00	50.00	**421.4**	343.5	**421.4**	343.5
DPT Operator Pty Limited [1]	Managing property	50.00	50.00	**0.8**	0.3	**-**	-
Erina Property Trust [1]	Investment property	50.00	50.00	**136.6**	143.0	**136.6**	143.0
Horton Trust [1]	Investment property	50.00	50.00	**22.7**	20.6	**22.7**	20.6
BGA Real Estate Finance Trust [3][4]	Mezzanine loan	-	50.00	**-**	2.3	**-**	-
BGA Real Estate Finance Trust [3][4]	Mezzanine loan	50.00	-	**12.1**	**-**	**-**	**-**
Entities incorporated in the United States							
Babcock & Brown GPT REIT Inc [4]	Property investment	50.00	50.00	**36.8**	27.2	**-**	-
B&B GPT Alliance 1 LLC [4]	Property investment	50.00	50.00	**-**	1.0	**-**	-
B&B GPT Alliance 2 LLC [4]	Mezzanine loan	50.00	50.00	**7.2**	10.0	**-**	-
Benchmark GPT LLC [2]	Property investment	95.00	95.00	**215.3**	115.5	**-**	-
B-VII Operations Holding Co LLC [2]	Property investment	95.00	95.00	**12.5**	12.8	**-**	-
B&B GPT Holdings (No. 1) LLC	Mezzanine loan	50.00	-	**-**	-	**-**	-
Entities incorporated in the United Kingdom							
BGP UK Investments Limited [5]	Property investment	-	50.00	**-**	2.8	**-**	-
Entities incorporated in Luxembourg							
BGP Investment SARL [4]	Property investment	50.00	50.00	**317.5**	265.9	**-**	-
Total investment in joint ventures				**1,554.0**	1,266.0	**951.8**	828.2
(a)(ii) Associates							
Entities incorporated in Australia							
161 Sussex St Pty Limited	Property investment	40.00	40.00	**4.1**	2.7	**-**	-
GPT Wholesale Office Fund [1]	Property investment	39.35	39.72	**1,060.5**	902.7	**855.2**	853.8
GPT Wholesale Shopping Centre Fund [1]	Property investment	39.92	-	**817.4**	-	**796.3**	-
Kings Canyon (Watarrka) Resort Trust [1]	Investment property	46.00	46.00	**6.5**	6.3	**-**	-
Lend Lease GPT (Rouse Hill) Pty Limited [1]	Property development	49.00	49.00	**11.9**	5.5	**-**	-
Lend Lease (Twin Waters) Pty Limited [1]	Property development	49.00	49.00	**11.7**	11.5	**-**	-
Entities incorporated in the United States							
Benchmark Assisted Living LLC [2]	Property management	20.00	20.00	**4.4**	4.5	**-**	-
Entities incorporated in The Netherlands							
Dutch Active Fund Propco BV [6]	Investment property	38.00	-	**49.0**	-	**-**	-
Total investments in associates				**1,965.5**	933.2	**1,651.5**	853.8

1. The entity has a 30 June balance date.

2. GPT has a 95% economic interest in Benchmark GPT LLC and B-VII Operations Holding Co LLC, entities which both own senior housing assets and a 20% interest in the manager of the portfolio, Benchmark Assisted Living LLC. GPT has equal representation and voting rights on the Board of these entities with all major decisions regarding the joint venture requiring unanimous approval from both parties, resulting in share joint control with BE Capital LLC. Accordingly, Benchmark GPT LLC and B-VII Operations Holding Co LLC has been accounted for as a joint venture. Funding of the joint venture is by way of both ordinary equity and loans (refer to note 7(b)).

3. On 20 December 2007, a new Trust by the same name was established. This is a different entity which conducts different principal activities than the BGA Real Estate Finance Trust which existed in 2006.

12. Equity accounted investments (continued)

4. GPT has entered into a joint venture arrangement with Babcock & Brown Limited to identify and invest in real estate opportunities which offer superior risk adjusted returns. The joint venture's key activities are acquiring and intensively managing assets which have attractive underlying investment fundamentals, undertaking selected investment and development projects and external property funds management, in both the listed and wholesale markets. Funding of the joint venture is by way of both ordinary equity and preferred loans (refer to note 7(b)) to each of the joint venture entities within the joint venture arrangement.

5. In November 2007, BGP (UK) Investments Limited became a controlled entity of GPT with the acquisition of the remaining 50% interest by GPT UK Limited (refer to note 23(a)).

6. The Dutch Active Fund Propco BV (DAF) is a closed end unlisted fund with a expected life of seven years. GPT has a residual interest of 38% in DAF after its first equity raising closed (refer to note 22). A second and final equity raising is planned for mid 2008.

(b) Share of joint ventures and associates' net profits – consolidated entity

GPT's share of net profits after income tax from its equity accounted investments is set out below by the geographic segment they operate in:

	Australia		**Europe**		**United States**		**Total**	
	31 Dec 2007	31 Dec 2006	**31 Dec 2007**	31 Dec 2006	**31 Dec 2007**	31 Dec 2006	**31 Dec 2007**	31 Dec 2006
	$M	$M	**$M**	$M	**$M**	$M	**$M**	$M
Revenue	**525.0**	297.8	**244.8**	208.6	**229.1**	30.3	**998.9**	536.7
Expenses	**84.3**	48.6	**224.5**	109.2	**215.2**	19.9	**524.0**	177.7
Profit before income tax expense	**440.7**	249.2	**20.3**	99.4	**13.9**	10.4	**474.9**	359.0
Income tax expense	**-**	0.1	**6.2**	35.0	**-**	-	**6.2**	35.1
Share of net profits of joint ventures and associate interests	**440.7**	249.1	**14.1**	64.4	**13.9**	10.4	**468.7**	323.9

Refer to note 2(c) for an analysis of GPT's share of net profits from joint ventures and associates by business segment.

(c) Share of joint ventures and associates' assets and liabilities – consolidated entity

GPT's share of its equity accounted investments balance sheet by the geographic location they operate in are set out below. Key asset and liability categories have been individually presented for further detail.

Cash and cash equivalents	**20.2**	16.4	**93.5**	266.5	**34.2**	22.3	**147.9**	305.2
Other assets	**100.7**	24.7	**237.9**	161.0	**34.2**	76.9	**372.8**	262.6
Property investments and loans	**3,136.0**	1,821.5	**2,813.2**	2,660.6	**1,340.6**	783.9	**7,289.8**	5,266.0
Total assets	**3,256.9**	1,862.6	**3,144.6**	3,088.1	**1,409.0**	883.1	**7,810.5**	5,833.8
Other liabilities	**108.1**	91.3	**176.0**	230.0	**62.9**	10.3	**347.0**	331.6
Borrowings								
- The GPT Group	**54.8**	6.4	**667.3**	505.6	**185.1**	158.6	**907.2**	670.6
- External - current	**-**	-	**62.4**	-	**74.5**	-	**136.9**	-
- External - non-current	**217.0**	-	**1,873.7**	2,095.6	**810.1**	547.8	**2,900.8**	2,643.4
Total liabilities	**379.9**	97.7	**2,779.4**	2,831.2	**1,132.6**	716.7	**4,291.9**	3,645.6
Net assets	**2,877.0**	1,764.9	**365.2**	256.9	**276.4**	166.4	**3,518.6**	2,188.2

Refer to note 2(d) for an analysis of GPT's share of the joint ventures and associates' balance sheets by business segment.

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12. Equity accounted investments (continued)

(d) Share of joint ventures and associates' assets and liabilities – consolidated entity

Further details of the property investments, investment property and mezzanine loans listed as the principal activity of equity accounted investments in note 12(a) are set out below.

Equity accounted investment	Investment property/ portfolio, loans and other assets	Consolidated entity 31 Dec 2007 $M
Australia		
Erina Property Trust	Erina Fair, NSW	**136.8**
Horton Trust	Horton Parade, QLD	**11.5**
Horton Trust	Maroochydore Superstore Plaza, QLD	**11.2**
DPT Operator Pty Limited	Property Management	**-**
GPT Wholesale Shopping Centre Fund	Various retail assets (8)	**885.8**
Total Retail		**1,045.3**
2 Park Street Trust	Citigroup Centre, NSW	**425.0**
1 Farrer Place Trust	1 Farrer Place, NSW	**371.6**
GPT Wholesale Office Fund	Various office buildings (10)	**1,180.4**
Total Office		**1,977.0**
Kings Canyon (Watarrka) Resort Trust	Kings Canyon (Watarrka) Resort, NT	**7.3**
161 Sussex Street Pty Limited	Four Points by Sheraton Hotel	**3.6**
Total Hotel & Tourism		**10.9**
Lend Lease GPT (Rouse Hill) Pty Ltd	Residental land - Rouse Hill, NSW	**42.5**
Lend Lease GPT (Twin Waters) Pty Ltd)	Land, Twin Waters, QLD	**13.2**
BGA Real Estate Finance Trust	Mezzanine loan (international)*	**47.1**
Total Corporate & Joint Venture		**102.8**
Total Australia		**3,136.0**
Europe		
BGP Investment SARL	German Residential	**1,122.3**
	European Office	**114.6**
	European Light Industrial	**755.4**
	European Retail	**608.7**
	UK Mezzanine Loan	**25.4**
Dutch Active Fund Propco BV	Dutch office, light industrial & logistics buildings (40)	**186.9**
Total Europe		**2,813.3**
United States		
Babcock & Brown GPT REIT Inc	Shopping Centre	**343.6**
B&B GPT Alliance I LLC	Multifamily	**9.3**
B&B GPT Alliance II LLC	Multifamily mezzanine loan*	**36.5**
B&B GPT Holdings (No. 1) LLC	Commercial real estate loan portfolio*	**155.4**
Benchmark GPT LLC and B-VII Operations Holding Co LLC	Seniors Housing	**795.7**
Total United States		**1,340.5**
Total property investments, investment properties and mezzanine loans		**7,289.8**

Investment property unless otherwise marked with a '*' which denotes loans and receivables.

(e) Share of joint ventures and associates' commitments

GPT's share of its equity accounted investments' capital expenditure commitments for the purchase of property, plant and equipment which have been approved but not provided for at 31 December 2007 and operating lease commitments are set out below:

	Australia		Europe		United States		Total	
	31 Dec 2007 $M	31 Dec 2006 $M	**31 Dec 2007 $M**	31 Dec 2006 $M	**31 Dec 2007 $M**	31 Dec 2006 $M	**31 Dec 2007 $M**	31 Dec 2006 $M
Capital expenditure commitments	**106.8**	10.0	**72.3**	166.4	**4.4**	2.8	**183.5**	179.2
Operating lease commitments	**-**	-	**79.8**	51.0	**114.5**	-	**194.3**	51.0
Total joint venture and associates' commitments	**106.8**	10.0	**152.1**	217.4	**118.9**	2.8	**377.8**	230.2

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12. Equity accounted investments (continued)

(f) Reconciliation of the carrying amount of equity accounted investments – consolidated entity

Reconciliations of the carrying amount of joint ventures and associates at the beginning and end of the current financial year by geographic segment are set out below:

	Australia		Europe		United States		Total	
	31 Dec 2007	31 Dec 2006	**31 Dec 2007**	31 Dec 2006	**31 Dec 2007**	31 Dec 2006	**31 Dec 2007**	31 Dec 2006
	$M	$M	**$M**	$M	**$M**	$M	**$M**	$M
(i) Joint ventures								
Carrying amount at beginning of the financial year	**830.8**	1,279.1	**268.7**	152.0	**166.5**	19.6	**1,266.0**	1,450.7
Additions	**18.4**	9.6	**-**	52.4	**-**	2.7	**18.4**	64.7
Acquisitions	**-**	-	**57.4**	2.9	**116.1**	136.1	**173.5**	139.0
Transfer out to controlled entities	**-**	-	**(1.5)**	-	**-**	-	**(1.5)**	-
Disposals	**(2.3)**	(558.5)	**(10.1)**	-	**-**	-	**(12.4)**	(558.5)
Share of joint ventures' net operating profit	**50.6**	74.0	**9.3**	33.3	**8.5**	8.0	**68.4**	115.3
Share of joint ventures' fair value adjustments	**118.3**	99.6	**6.8**	31.1	**3.0**	2.4	**128.1**	133.1
Share of increment in joint ventures' reserves	**-**	-	**11.5**	(1.5)	**-**	(0.1)	**11.5**	(1.6)
Impairment expense	**-**	-	**-**	(1.5)	**-**	(0.1)	**-**	(1.6)
Distributions received/receivable from joint ventures	**(51.1)**	(73.0)	**(24.7)**	-	**(9.9)**	(2.1)	**(85.7)**	(75.1)
Foreign exchange rate differences on translation	**-**	-	**0.1**	-	**(12.4)**	-	**(12.3)**	-
Carrying amount at end of the financial year	**964.7**	830.8	**317.5**	268.7	**271.8**	166.5	**1,554.0**	1,266.0
(ii) Associates								
Carrying amount at beginning of the financial year	**928.7**	23.4	**-**	**-**	**4.5**	-	**933.2**	23.4
Additions	**8.3**	-	**-**	**-**	**-**	-	**8.3**	-
Acquisitions	**-**	-	**-**	**-**	**-**	4.5	**-**	4.5
Transfers in from investment properties	**795.5**	860.7	**-**	**-**	**-**	-	**795.5**	860.7
Transfers in from controlled entities	**-**	-	**49.0**	**-**	**-**	-	**49.0**	-
Disposals	**-**	-	**-**	**-**	**-**	-	**-**	-
Share of associates' net operating profit	**93.9**	26.5	**-**	**-**	**0.4**	-	**94.3**	26.5
Share of associates' fair value adjustments	**177.9**	49.0	**-**	**-**	**-**	-	**177.9**	49.0
Share of increment in associates' reserves	**-**	-	**-**	**-**	**-**	-	**-**	-
Impairment expense	**-**	(8.4)	**-**	**-**	**-**	-	**-**	(8.4)
Distributions received/receivable from associates	**(92.2)**	(22.5)	**-**	**-**	**(0.4)**	-	**(92.6)**	(22.5)
Foreign exchange rate differences on translation	**-**	-	**-**	**-**	**(0.1)**	-	**(0.1)**	-
Carrying amount at end of the financial year	**1,912.1**	928.7	**49.0**	-	**4.4**	4.5	**1,965.5**	933.2

		Consolidated entity		Parent entity	
		31 Dec 2007	31 Dec 2006	**31 Dec 2007**	31 Dec 2006
	Note	**$M**	$M	**$M**	$M
13. Other assets					
Available for sale investments					
Investments in unlisted entities - at cost*		**3.6**	0.7	**0.1**	-
Total available for sale financial assets		**3.6**	0.7	**0.1**	-
Other assets					
Investments in controlled entities - at cost	24	**-**	**-**	**4,248.6**	4,913.4
Total non-current other assets		**3.6**	0.7	**4,248.7**	4,913.4

* Available for sale investments comprise investments in ordinary shares in companies and units in trusts and have no fixed maturity date.

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	Note	Consolidated entity 31 Dec 2007 $M	Consolidated entity 31 Dec 2006 $M	Parent entity 31 Dec 2007 $M	Parent entity 31 Dec 2006 $M
14. Property, Plant and Equipment					
Property under development					
At cost		**571.1**	271.8	**-**	170.4
less: accumulated depreciation and impairment		**-**	-	**-**	-
Total property under development	(a)	**571.1**	271.8	**-**	170.4
Hotel properties					
At fair value		**629.6**	607.1	**-**	-
Total hotel properties	(b)	**629.6**	607.1	**-**	-
Office fixtures, fittings & operating equipment					
At cost		**25.7**	15.2	**-**	-
less: accumulated depreciation and impairment		**(5.1)**	(2.2)	**-**	-
Total office fixtures, fittings & operating equipment		**20.6**	13.0	**-**	-
Total property, plant and equipment		**1,221.3**	891.9	**-**	170.4

(a) Details of property under development – at cost

	Ownership Interest [(1)] %	Acquisition Date	Cost 31 Dec 2007 $M	Cost 31 Dec 2006 $M
Quad 4, Sydney Olympic Park, NSW [(2)]	* 100.0	Jun 2004	-	21.1
Rouse Hill Town Centre, NSW	100.0	Dec 2005	-	149.3
Total Parent Entity			**-**	**170.4**
21 Talavera Rd, Macquarie Park, NSW	100.0	Jun 2006	19.2	18.6
Austrak Business Park, Somerton, VIC	50.0	Oct 2003	16.4	18.5
Rouse Hill Town Centre, NSW	100.0	Dec 2005	477.3	-
workplace[6], Darling Island, NSW [(3)]	* 100.0	Dec 2006	58.2	32.0
818 Bourke St, Victoria Harbour, VIC [(4)]	100.0	Jun 2006	-	32.3
Total Consolidated Entity			**571.1**	**271.8**

(1) Freehold unless otherwise marked with a '*' which denotes leasehold.
(2) Practical completion on Quad 4 was achieved in June 2007 and the property was reclassified to investment property (refer note 11(d)).
(3) GPT has entered into an agreement to sell this property - for further details refer to note 16(i).
(4) Practical completion on 818 Bourke Street was achieved in December 2007 and the property was reclassified to investment property (refer note 11(c)).

(b) Details of hotel properties – at fair value

	Ownership Interest [(1)] %	Acquisition Date	Fair Value 31 Dec 2007 $M	Fair Value 31 Dec 2006 $M	Latest Independent Valuation Date	Valuer
Hotel & Tourism						
Ayers Rock Resort, NT	100.0	Dec 1997	438.9	420.4	Mar 2007	Colliers Pty Limited
Bedarra Island Resort, QLD	100.0	Jul 2004	24.8	23.1	Jun 2007	Knight Frank Valuations
Brampton Island Resort, QLD	* 100.0	Mar 2005	18.4	19.6	Jun 2007	Jones Lang LaSalle
Cradle Mountain Resort, TAS	* 100.0	Jul 2004	22.3	21.8	Jul 2006	Knight Frank Valuations
Dunk Island Resort, QLD	* 100.0	Jul 2004	51.8	47.1	Jun 2007	Knight Frank Valuations
El Questro, NT	100.0	Jul 2005	18.2	17.5	-	-
Heron Island (including Wilson Island), QLD	* 100.0	Jul 2004	35.6	35.4	Jun 2007	Knight Frank Valuations
Silky Oaks Lodge, QLD	100.0	Jul 2004	17.6	19.0	Jul 2006	Knight Frank Valuations
Wrotham Park, QLD	* 100.0	Jul 2004	2.0	3.2	Jun 2007	CB Richard Ellis Pty Limited
Total Consolidated Entity			**629.6**	**607.1**		

(1) Freehold unless otherwise marked with a '*' which denotes leasehold.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2007

14. Property, Plant and Equipment (continued)

(c) Reconciliation

Reconciliations of the carrying amount for each class of property, plant and equipment at the beginning and end of the current financial year are set out below:

		Property under Development $M	Hotel Properties $M	Office fixtures, fittings and operating equipment $M	Total $M
Consolidated entity					
Year ended 31 December 2006					
Carrying amount at beginning of the financial year		63.5	614.6	11.0	689.1
Additions (including capitalisations)		269.2	26.5	19.1	314.8
Disposals		-	(8.3)	(15.5)	(23.8)
Depreciation charge	5(b)	-	(12.9)	(1.6)	(14.5)
Transfer from investment properties	11(a)	22.9	-	-	22.9
Transfer to investment properties	11(a)	(83.8)	-	-	(83.8)
Revaluations/(devaluations)		-	(12.8)	-	(12.8)
Carrying amount at end of the financial year		271.8	607.1	13.0	891.9
Year ended 31 December 2007					
Carrying amount at beginning of the financial year		**271.8**	**607.1**	**13.0**	**891.9**
Additions (including capitalisations)		**455.9**	**14.8**	**19.2**	**489.9**
Disposals			**-**	**(10.8)**	**(10.8)**
Acquisition of controlled entities		**-**	**-**	**2.1**	**2.1**
Depreciation charge	5(b)	**-**	**(11.2)**	**(2.9)**	**(14.1)**
Transfer to investment properties	11(a)	**(156.6)**	**-**	**-**	**(156.6)**
Revaluations/(devaluations)		**-**	**18.9**	**-**	**18.9**
Carrying amount at end of the financial year		**571.1**	**629.6**	**20.6**	**1,221.3**
Parent entity					
Year ended 31 December 2006					
Carrying amount at beginning of the financial year		3.9	-	-	3.9
Additions (including capitalisations)		143.6	-	-	143.6
Transfer to investment properties	11(a)	22.9	-	-	22.9
Carrying amount at end of the financial year		**170.4**	**-**	**-**	**170.4**
Year ended 31 December 2007					
Carrying amount at beginning of the financial year		**170.4**	-	-	**170.4**
Additions (including capitalisations)		**337.1**	-	-	**337.1**
Transfer to investment properties	11(a)	**(30.2)**	-	-	**(30.2)**
Transfer to controlled entity		**(477.3)**	-	-	**(477.3)**
Carrying amount at end of the financial year		**-**	**-**	**-**	**-**

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2007

	Note	Consolidated entity 31 Dec 2007 $M	Consolidated entity 31 Dec 2006 $M	Parent entity 31 Dec 2007 $M	Parent entity 31 Dec 2006 $M
15. Intangible assets					
Goodwill	(b)	**121.8**	-	**-**	**-**
Management rights					
At cost		**54.2**	51.2	**-**	**-**
less: accumulated amortisation and impairment		**(11.9)**	(5.1)	**-**	**-**
Total management rights	(c)	**42.3**	46.1	**-**	**-**
Operating lease rights - Lizard Island Resort					
At cost		**43.3**	42.1	**-**	**-**
less: accumulated amortisation and impairment		**(16.5)**	(14.1)	**-**	**-**
Total operating rights	(d)	**26.8**	28.0	**-**	**-**
Total intangible assets		**190.9**	74.1	**-**	**-**

(a) Reconciliations
Reconciliations of the carrying amount of each class of intangible at the beginning and end of the current financial year are set out below:

		Goodwill $M	Management Rights $M	Operating Rights $M	Total $M
Consolidated entity					
Year ended 31 December 2006					
Carrying amount at beginning of the financial year		7.3	-	28.3	35.6
Additions (including capitalisations)		-	-	2.2	2.2
Acquisitions		-	51.2	-	51.2
Impairment expense		(7.3)	-	(2.5)	(9.8)
Amortisation charge	5(b)	-	(5.1)	-	(5.1)
Carrying amount at end of the financial year		-	46.1	28.0	74.1
Year ended 31 December 2007					
Carrying amount at beginning of the financial year		**-**	**46.1**	**28.0**	**74.1**
Additions (including capitalisations)		**121.8**	**3.0**	**1.2**	**126.0**
Acquisitions		**-**	**-**	**-**	**-**
Impairment expense		**-**	**-**	**(1.4)**	**(1.4)**
Amortisation charge	5(b)	**-**	**(6.8)**	**(1.0)**	**(7.8)**
Carrying amount at end of the financial year		**121.8**	**42.3**	**26.8**	**190.9**

(b) Goodwill
Goodwill arose on the acquisition of Halverton Real Estate Investment Management Limited ('Halverton') and Hamburg Trust Grundvermogen und Anlage GmbH ('Hamburg Trust') in 2007 (refer to note 23) and has been allocated to the European funds management CGU.

The recoverable amount of the goodwill has been determined based on fair value less costs to sell. Due to these entities being recently acquired and currently managing approximately AUD $3 billion in real estate along with the recent launch of two property funds, German Retail Partnership (GRP) and the Dutch Active Fund (DAF) by GPT Halverton since July 2007 with several others in the pipeline, the recoverable amount of the goodwill has been assessed to be the same as its carrying value. No goodwill was impaired or impairment losses reversed during the financial year.

(c) Management rights
The management rights include asset, property and development management rights of retail shopping centres. The useful life of the rights range between 7.5 to 10 years and are amortised over the life of the rights.

(d) Operating rights
The Lizard Island Resort operating rights were purchased on 30 June 2005 as part of the acquisition of Voyages Hotels & Resorts Pty Limited by GPT. The operating rights, under which GPT operates the Lizard Island Resort, expire on 31 August 2033. The cost of the operating rights less any impairment are amortised over the 28 year life of the lease.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2007

	Note	Consolidated entity 31 Dec 2007 $M	Consolidated entity 31 Dec 2006 $M	Parent entity 31 Dec 2007 $M	Parent entity 31 Dec 2006 $M
16. Payables					
Trade payables and accruals		**321.7**	215.4	**47.7**	31.3
Payable to Babcock & Brown Limted		**25.6**	5.8	**-**	-
Deposits	(i)	**106.5**	-	**-**	-
Other payables		**7.0**	1.7	**0.5**	0.6
Deferred purchase consideration		**44.8**	-	**-**	-
Related party payables		**5.1**	5.3	**364.4**	0.4
Total payables		**510.7**	228.2	**412.6**	32.3

(i) On 18 December 2007, GPT entered into an agreement with a related party to sell the site known as workplace[6] and received a first instalment by way of consideration. The agreement is conditional on GPT developing workplace[6] (refer to note 14(a)) to practical completion, at which point the related party has been provided with a call option on the long term lease of the site at practical completion. The second instalment and associated costs of approximately $82.2 million is conditional on GPT Development Pty Limited achieving practical completion. If practical completion is not achieved on the building, the deposit will be reimbursed.

17. Borrowings

Current - unsecured					
Bank facilities					
Multi option facility - US dollar	(a)(i)	**-**	433.1	**-**	433.1
Multi option facility - euro	(a)(i)	**-**	275.1	**-**	275.1
Multi option facility - Australian Dollar	(a)(i)	**50.0**	-	**50.0**	-
Short term bank loan - Australian Dollar	(a)(iii)	**299.8**	-	**299.8**	-
Overdraft facility - euro	(a)(iv)	**7.8**	-	**-**	-
Bridge facility - US Dollar	(a)(v)	**102.4**	-	**-**	-
Short term notes	(b)	**45.8**	566.5	**45.8**	566.5
Medium term notes	(b)	**399.9**	299.9	**399.9**	299.9
Total current borrowings - unsecured		**905.7**	1,574.6	**795.5**	1,574.6
Current - secured					
Bank facilities					
Australian Dollar	(a)(vi)	**16.6**	55.4	**-**	-
US Dollar	(a)(vi)	**74.4**	-	**-**	-
Euro	(a)(vi)	**166.0**	-	**-**	-
Danish Kroner	(a)(vi)	**27.9**	-	**-**	-
Swedish Kroner	(a)(vi)	**6.3**	-	**-**	-
Total current borrowings - secured		**291.2**	55.4	**-**	-
Total current borrowings		**1,196.9**	1,630.0	**795.5**	1,574.6
Non-Current - unsecured					
Bank borrowings					
Multi option syndicated facility - euro	(a)(ii)	**1,891.9**	1,003.7	**1,891.9**	1,003.7
Multi option syndicated facility - US Dollar	(a)(ii)	**588.9**	-	**588.9**	-
Medium term notes	(b)	**1,134.9**	1,533.5	**1,134.9**	1,533.5
CPI coupon indexed bond	(c)	**124.6**	124.5	**124.6**	124.5
Total non-current borrowings - non-secured		**3,740.3**	2,661.7	**3,740.3**	2,661.7
Non-Current - secured					
Bank facilities - Australian Dollar	(a)(vi)	**57.8**	-	**-**	-
Total non-current borrowings - secured		**57.8**	**-**	**-**	**-**
Total non-current borrowings		**3,798.1**	**2,661.7**	**3,740.3**	**2,661.7**
Total borrowings		**4,995.0**	4,291.7	**4,535.8**	4,236.3
The maturity profile of the above current and non-current borrowings is:					
Due within one year *		**1,196.9**	1,630.0	**795.5**	1,574.6
Due between one and five years		**3,462.1**	2,325.9	**3,404.3**	2,325.9
Due after five years		**336.0**	335.8	**336.0**	335.8
		4,995.0	4,291.7	**4,535.8**	4,236.3

* Bank facilities of AUD $274.6 million (Dec 2006: $nil) in the consolidated entity have been classified as due within one year, which is consistent with the treatment of the secured assets as current inventory. Actual maturity of these facilities is due after five years. Refer note 17(a)(vi)

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2007

17. Borrowings (continued)

(a) Bank facilities

Unsecured

(i) Multi option facility

A multi-option facility of AUD $750 million, which may be drawn in AUD, Euro, USD or NZD, is available to the Trust. As at 31 December 2007, this facility is currently drawn to AUD $50 million. This facility matures on 30 June 2008 and is subject to negative pledge arrangements and requirements that GPT complies with certain minimum financial requirements.

(ii) Multi option syndicated facility

A new Euro €2,010 million (AUD $3,350 million) multi option syndicated facility became available to the Trust on 26 October 2007. At 31 December 2007 the facility is drawn to Euro €1,140 million (AUD $1,900 million) and USD $515.4 million (AUD $588.9 million). The facility has three maturity tranches as follows:

- 1 year (Euro €335 million) maturing October 2008,
- 3 years (Euro €670 million) maturing October 2010, and;
- 5 years (Euro €1,005 million) maturing October 2012.

The 1 year tranche may be extended for an additional 2 years at GPT's option and the current intention is to extend this tranche to 26 October 2010. Accordingly the multi option syndicated facility has been classified as non-current borrowings.

A Euro €600 million (Dec 2006: AUD $1,003.7 million) syndicated bank facility was terminated early, at the request of GPT, on 2 November 2007 once the Euro €2,010 million multi option syndicated facility (above) was in place.

(iii) Short term bank loan

In October 2007, an AUD $300 million loan was arranged to refinance the AUD $300 million Medium Term Notes which matured on 15 October 2007. The loan matures in April 2008 but may be extended for an additional 6 months at GPT's option. The current intention is to extend the loan until October 2008.

(iv) Overdraft facility

A Euro €5.5 million (AUD $9.2 million) overdraft facility was acquired as part of GPT's acquisition of Halverton (refer note 23). At 31 December 2007 the facility is drawn to Euro €4.7 million (AUD $7.8 million). The facility matures on 31 March 2008.

(v) Bridge facility

A USD $40.0 million (AUD $45.8 million) bridge facility acquired through the Hamburg Trust acquisition (refer note 23) is secured against assets in the Hamburg Trust Alliance Fund (refer note 8). The facility matures on 30 December 2008 and may be extended for a further year upon certain conditions being met. As at 31 December 2007, the facility is fully drawn and the current intention is to repay the facility following the close of the Hamburg Trust Alliance Fund. This facility is classified as current borrowings, which is consistent with the treatment of the secured assets as current inventory.

A USD $52.5 million (AUD $59.9 million) bridge facility matures 30 December 2008 and may be extended for a further year, upon certain conditions being met. As at 31 December 2007, the facility was drawn to USD $50.5 million (AUD $57.6 million).

Secured

(vi) Bank facilities

A floating rate bill facility originally for AUD $115 million was established in March 2004 for the GPT/Austrak Joint Venture to fund the capital expenditure requirements of the Austrak Business Park, Somerton, Victoria. In January 2007, the facility was increased by AUD $40 million to AUD $155 million (GPT 50% share: AUD $77.5 million) and comprises:

- an AUD $35 million facility (GPT 50% share: $17.5 million) maturing on 31 March 2008, and;
- an AUD $120 million facility (GPT 50% share: AUD $60 million) maturing on 31 May 2009.

At 31 December 2007, the combined facility is drawn to AUD $148.7 million (GPT 50% share: $74.4 million). This facility is secured by a mortgage over Austrak Business Park, Somerton, Victoria. The interest rate for the facility is the applicable bank bill rate.

A USD $72.0 million (AUD $82.2 million) bank facility acquired through the Hamburg Trust acquisition (refer note 23) is secured against assets in the Hamburg Trust Alliance Fund (refer note 8). As at 31 December 2007, the facility is fully drawn and matures in July 2017. This facility is subject to negative pledge requirements and requirements that the fund complies with certain minimum financial requirements. When the fund closes the facility will be transferred to the new equity holders. This facility is classified as current borrowings, which is consistent with the treatment of the secured assets as current inventory.

A euro €295.5 million (AUD $492.5 million) and DKK 297.6 million (AUD $66.1 million) bank facility maturing July 2014 is available to the H2O Fund, a fund which is owned by GPT and managed by GPT Halverton (refer note 8) , to acquire assets. This facility is subject to negative pledge arrangements and requirements that the fund complies with certain minimum financial requirements. The funds raised under this facility are secured against assets in the fund. As at 31 December 2007, this facility has been drawn to Euro €100.9 million (AUD $166.0 million) and DKK 124.5 million (AUD $27.9 million) respectively. When the fund closes the facility will be transferred to the new equity holders. This facility is classified as current borrowings, which is consistent with the treatment of the secured assets as current inventory.

A SEK 244.0 million (AUD $43.2 million) bank facility is available to the Scandinavian Active Fund, a fund owned by GPT and managed by GPT Halverton (refer note 8), to acquire assets. This facility is subject to negative pledge arrangements and requirements that the fund complies with certain minimum financial requirements. The funds raised under this facility are secured against assets in the fund. As at 31 December 2007, the facility is drawn to SEK 35.7 million (AUD $6.3 million) and matures in February 2015. When the fund closes the facility will be transferred to the new equity holders. This facility is classified as current borrowings, which is consistent with the treatment of the secured assets as current inventory.

(b) Short Term Notes (STNs)/Medium Term Notes (MTNs)

The Short Term and Medium Term Note Programme is a revolving, non-underwritten debt programme which was established in 1999 to provide flexible funding to enable GPT to fund short term and medium term commitments and act promptly on investment opportunities. The value of the Notes issued under the Programme is limited by the Trust Constitution, which limits the total amount of debt including that incurred under the STN/MTN program to no more than 40% of the total assets of the General Property Trust. At 31 December 2007, STNs are in the form of commercial paper that mature within one year.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2007

17. Borrowings (continued)

(b) Short Term Notes/Medium Term Notes (MTNs) (continued)

The commercial paper arrangements currently include a committed bank offer to subscribe for commercial paper under the terms of the Programme, up to a limit of AUD $500 million. This commitment has no maturity date but may be terminated at any time with six months notice.

At 31 December 2007, fixed rate MTNs have a principal value of AUD $785 million (Dec 2006: AUD $1,081.7 million) and floating rate MTNs have a principal value of AUD $752 million (Dec 2006: $754.6 million) with maturities ranging from June 2008 to August 2013.

As support to the STN/MTN program, standby facilities of AUD $400 million are available to GPT. These facilities are available to be drawn to provide liquidity backup in the event of a commercial paper or MTN market disruption and are subject to semi-annual or annual review. Of the AUD $400 million, AUD $200 million matures on 30 June 2008 and a further AUD $200 million matures on 22 November 2008. At 31 December 2007, these facilities are undrawn.

(c) CPI coupon indexed bonds

The Trust issued a CPI coupon indexed bond in December 1999 with a principal value of AUD $125 million and a current coupon of 7.66% p.a (Dec 2006: 7.44%) payable quarterly in arrears and is indexed by the maximum CPI since September 1999. The CPI coupon indexed bonds mature on 10 December 2029.

(d) Financing Facilities

A summary of GPT's finance facilities is below:

	Note	31 December 2007		
		Total facility	**Used facility ***	**Unused facility**
		$M	**$M**	**$M**
Bank borrowings				
Multi option facility	(a)(i)	750.0	50.0	700.0
Short term bank loan	(a)(iii)	300.0	300.0	-
Overdraft facility - euro	(a)(iv)	9.2	7.8	1.4
Bridge facilities	(a)(v)	105.7	103.4	2.3
Bank facilities	(a)(vi)	761.6	356.8	404.8
Multi option syndicated facility - multi currency	(a)(ii)	3,350.0	2,488.9	861.1
Short term notes	(b)	500.0	46.0	454.0
Standby facilities on Short Term Notes / Medium Term Notes	(b)	400.0	-	400.0
Medium term notes	(b)	1,537.0	1,537.0	-
CPI coupon indexed bond	(c)	125.0	125.0	-
Total financing facilities		7,838.5	5,014.9	2,823.6
Cash and cash equivalents	28(b)			350.3
Total financing resources available at end of financial year				3,173.9

* The above facilities are stated at the face value of the facility and differ from the total borrowings presented in the balance sheet at 31 December 2007 by $20.0 million, which represents amortisation of borrowing costs (refer to note 1(j) and note 1(aa)).

Maturity profile of financing facilities

	Consolidated entity	
	2007	2006
	$M	$M
Due within one year **	**3,166.4**	2,497.5
Due between one and five years	**4,335.0**	2,329.7
Due after five years	**337.0**	337.0
Total financing facilities	**7,838.4**	5,164.2

** Bank facilities of AUD $684.0 million (Dec 2006: $nil) in the consolidated entity have been classified as due within one year, which is consistent with the treatment of the secured assets as current inventory. Actual maturity of these facilities is due after five years. Refer note 17(a)(vi)

Gearing Ratios

At 31 December 2007, the percentage of debt to total tangible assets is 36.3% (Dec 2006: 35.8%)

GPT is committed to a maximum of 50% debt to total assets on a 'look through basis'. In calculating the 'look through' gearing, GPT's interest in the joint ventures and associates are proportionately consolidated based on GPT's ownership interest. At 31 December 2007, the percentage of 'look through' debt to total assets is 46.8% (Dec 2006: 46.7%).

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	Consolidated Entity		Parent Entity	
	31 Dec 2007	31 Dec 2006	**31 Dec 2007**	31 Dec 2006
	$M	$M	**$M**	$M

18. Provisions

Current Provisions				
Employee benefits	**6.6**	6.7	**-**	-
Income tax	**11.4**	2.0	**-**	-
Other	**2.5**	0.9	**-**	-
Total Current Provisions	**20.5**	9.6	**-**	-
Non Current Provisions				
Employee benefits	**4.6**	4.1	-	-
Total Non Current Provisions	**4.6**	4.1	-	-

(a) Reconciliations

Reconciliations of the carrying amount for each class of provision, other than employee benefits, at the beginning and end of the current financial year are set out below:

	Consolidated entity	
	Income Tax Provision	**Other Provisions**
	31 Dec 2007	**31 Dec 2007**
Current	**$M**	**$M**
Carrying amount at beginning of the financial year	**2.0**	**0.9**
Income Tax Paid	**(3.7)**	**-**
True up for prior year	**(0.9)**	**-**
Current income tax expense	**14.0**	**-**
Cash receipts	**-**	**1.6**
Carrying amount at end of the financial year	**11.4**	**2.5**

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		Note	GPT Stapled Securities Number	GPT $M	Other entities stapled to GPT $M	External minority interest $M	Total $M
19. Contributed Equity							
1 Jan 2006	Opening securities on issue		2,016,716,610	4,296.0	302.5	-	4,598.5
8 Jun 2006	Issue of securities		24,813,896	95.5	4.5	-	100.0
31 Dec 2006	Closing securities on issue		2,041,530,506	4,391.5	307.0	-	4,698.5
1 Jan 2007	Opening securities on issue		**2,041,530,506**	**4,391.5**	**307.0**	**-**	**4,698.5**
25 May 2007	Distribution reinvestment plan issue	(a)(i)	**12,105,370**	**56.0**	**2.4**	**-**	**58.4**
21 Sep 2007	Distribution reinvestment plan issue	(a)(i)	**13,169,408**	**56.2**	**2.2**	**-**	**58.4**
23 Nov 2007	Distribution reinvestment plan issue	(a)(i)	**10,589,549**	**46.8**	**1.9**	**-**	**48.7**
23 Nov 2007	Issue of stapled securities	(a)(ii)	**22,219,109**	**98.1**	**4.0**	**-**	**102.1**
			2,099,613,942	**4,648.6**	**317.5**	**-**	**4,966.1**

Terms and conditions of contributed equity

(a) Ordinary stapled securities
Each stapled security comprises one unit in the Trust and one share in the Company. They cannot be traded or dealt with separately. Stapled securities entitle the securityholder to receive distributions/dividends as declared and, in the event of winding up GPT, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on securities held. Stapled securities entitle their holder to one vote, either in person, or by proxy, at a meeting of GPT.

Refer to note 1(b) for further details on the stapling of GPT securities.

(i) Distribution Reinvestment Plan
GPT introduced a Distribution Reinvestment Plan (DRP) to eligible securityholders in March 2007. The DRP first applied to the March 2007 quarterly distribution, which was paid on 25 May 2007 and has subsequently been applied to the June and September 2007 quarterly distributions. It will also apply to the December 2007 quarterly distribution. The last date for the receipt of an election notice for participation in the DRP is 5pm (Sydney, Australia time) on the record date for the relevant distribution, which in the case of the December quarterly distribution, is 7 March 2008.

Under the terms of the DRP, eligible securityholders are able to elect to reinvest all or part of their quarterly distribution in additional stapled securities, free of any brokerage or other transaction costs, rather than being paid in cash. Securities are issued and/or transferred at a predetermined price, less any discount that the Directors may elect to apply from time to time. The DRP issue price is based on the arithmetic average of the daily volume weighted average price of GPT Group stapled securities traded on the Australian Securities Exchange for the ten business days preceding the relevant quarterly distribution record date, adjusted to an ex-dividend rate, less a 1.5% discount rounded to the nearest cent.

(ii) Underwriting the Distribution Reinvestment Plan
GPT also entered into an underwriting agreement on 17 October 2007. Under this agreement GPT has the option to elect before each quarterly distribution payment whether to have that distribution underwritten. The terms of the agreement provide that the underwriter fully underwrites distribution payments from October 2007 in exchange for GPT stapled securities of the securityholders who had not elected to participate in the DRP. The stapled securities are to be issued at the same price as securities issued under the DRP to other GPT securityholders.

At 31 December 2007, 22,219,109 new stapled securities relating to the distribution for the September 2007 quarter were issued under the underwriting agreement.

The March 2007 and June 2007 quarter DRPs were not underwritten.

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For the year ended 31 December 2007

		Consolidated entity		Parent entity	
		31 Dec 2007	31 Dec 2006	**31 Dec 2007**	31 Dec 2006
		$M	$M	**$M**	$M
20. Reserves					
Asset revaluation reserve	(a)	**15.0**	-	**-**	-
Foreign currency translation reserve	(b)	**(16.3)**	24.8	**-**	-
Long term incentive scheme reserve	(c)	**(5.5)**	(5.4)	**-**	-
Employee incentive scheme reserve	(d)	**1.2**	0.9	**-**	-
Cash flow hedge reserve	(e)	**11.5**	-	**-**	-
Total reserves		**5.9**	20.3	**-**	-

Reconciliations
Reconciliations of each type of reserve at the beginning and end of the current financial year are set out below:

		Consolidated entity			
		GPT	**Other entities stapled to GPT**	**External minority interest**	**Total**
	Note	**$M**	**$M**	**$M**	**$M**
(a) Asset revaluation reserve					
Balance at 1 January 2006		4.7	-	-	4.7
Revaluations/(devaluations) of assets, net of tax		(4.7)	-	-	(4.7)
Balance at 31 December 2006		**-**	**-**	**-**	**-**
Balance at 1 January 2007		**-**	**-**	**-**	**-**
Revaluations/(devaluations) of assets, net of tax		**15.0**	**-**	**-**	**15.0**
Balance at 31 December 2007		**15.0**	**-**	**-**	**15.0**
(b) Foreign currency translation reserve					
Balance at 1 January 2006		11.6	2.3	-	13.9
Net foreign exchange translation adjustments, net of tax		12.5	(1.6)	-	10.9
Balance at 31 December 2006		24.1	0.7	-	24.8
Balance at 1 January 2007		**24.1**	**0.7**	**-**	**24.8**
Net foreign exchange translation adjustments, net of tax		**(38.5)**	**(2.6)**	**-**	**(41.1)**
Balance at 31 December 2007		**(14.4)**	**(1.9)**	**-**	**(16.3)**
(c) Long term incentive scheme reserve					
Balance at 1 January 2006		-	-	-	-
On-market purchase of GPT stapled securities	26(i)	(4.3)	(1.8)	-	(6.1)
Sale of GPT stapled securities and loan repayments	26(i)	0.5	0.2	-	0.7
Balance at 31 December 2006		(3.8)	(1.6)	-	(5.4)
Balance at 1 January 2007		**(3.8)**	**(1.6)**	**-**	**(5.4)**
On-market purchase of GPT stapled securities		**(1.5)**	**-**	**-**	**(1.5)**
Sale of GPT stapled securities and loan repayments		**-**	**1.4**	**-**	**1.4**
Balance at 31 December 2007		**(5.3)**	**(0.2)**	**-**	**(5.5)**
(d) Employee incentive scheme reserve					
Balance at 1 January 2006		-	-	-	-
Employee incentive scheme expense, net of tax	26(i)	0.9	-	-	0.9
Balance at 31 December 2006		0.9	-	-	0.9
Balance at 1 January 2007		**0.9**	**-**	**-**	**0.9**
Employee incentive scheme expense, net of tax		**0.3**	**-**	**-**	**0.3**
Balance at 31 December 2007		**1.2**	**-**	**-**	**1.2**
(e) Cashflow hedge reserve					
Balance at 1 January 2006		**-**	**-**	**-**	**-**
Effective portion of changes in fair value of cashflow hedges, net of tax		**-**	**-**	**-**	**-**
Balance at 31 December 2006		**-**	**-**	**-**	**-**
Balance at 1 January 2007		**-**	**-**	**-**	**-**
Effective portion of changes in fair value of cashflow hedges, net of tax		**-**	**11.5**		**11.5**
Balance at 31 December 2007		**-**	**11.5**	**-**	**11.5**

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20. Reserves (continued)

Nature and purpose of reserves

Asset revaluation reserve
The asset revaluation reserve is used to record revaluation increments and decrements on property, plant and equipment.
Foreign currency translation reserve
The foreign currency translation reserve is used to record exchange differences arising on translation of foreign controlled entities and associated funding of foreign controlled entities as described in note 1(e). The movement in the foreign currency reserve is recognised in the Income Statement when the net investment in the foreign controlled entity is disposed.
Long term incentive scheme reserve
The long term incentive scheme reserve is used to record the on-market purchase of GPT stapled securities for eligible senior executives, repayments of the non-recourse loans provided by GPT to eligible senior executives of the Long Term Incentive Scheme and the sale of GPT stapled securities where eligibility ceases under the scheme. Refer to note 26(ii) for further details of the Long Term Incentive Scheme.
Employee incentive scheme reserve
The employee incentive scheme reserve is used to recognise the fair value of securities issued under the Employee Incentive Scheme – General Reserve, as described in note 26(i).
Cash flow hedge reserve
The cash flow hedge reserve is used to record the effective portion of changes in the fair value of derivatives that are designated and qualify as an effective cash flow hedge, as described in note 1(x).

21. Retained Profits

	Note	GPT $M	Other entities stapled to GPT $M	External minority interest $M	Total $M
Consolidated entity					
Balance at 1 January 2006		1,778.4	(22.2)	-	1,756.2
Net profit for the financial year		1,362.6	21.4	-	1,384.0
less: Distributions paid	3(a)	(416.9)	-	-	(416.9)
Balance at 31 December 2006		2,724.1	(0.8)	-	2,723.3
Balance at 1 January 2007		**2,724.1**	**(0.8)**	**-**	**2,723.3**
Minority interest on acquisition of controlled entites		**-**	**-**	**4.2**	**4.2**
Net profit for the financial year		**1,203.7**	**(19.2)**	**(2.0)**	**1,182.5**
less: Distributions paid	3(a)	**(586.6)**	**-**	**-**	**(586.6)**
Balance at 31 December 2007		**3,341.2**	**(20.0)**	**2.2**	**3,323.4**
Parent entity					
Balance at 1 January 2006		1,790.6	-	-	1,790.6
Net profit for the financial year		1,310.6	-	-	1,310.6
less: Distributions paid		(416.9)	-	-	(416.9)
Balance at 31 December 2006		2,684.3	-	-	2,684.3
Balance at 1 January 2007		**2,684.3**	**-**	**-**	**2,684.3**
Net profit for the financial year		**1,051.9**	**-**	**-**	**1,051.9**
less: Distributions paid		**(586.6)**	**-**	**-**	**(586.6)**
Balance at 31 December 2007		**3,149.6**	**-**	**-**	**3,149.6**

22. Acquisition and disposal of controlled entities

Note 24 sets out the entities which GPT gained or lost control of during the financial year. Details of entities disposed of during the financial year are:

	Country of incorporation	Principal activity	Date of disposal	Ownership interest disposed
Hamburg Trust HTG Deutschland 1 GmbH & Co. KG	Germany	Funds management	1 November 2007	80.0%
EOF München GmbH & Co KG Zweite Reim KG	Germany	Funds management	1 November 2007	80.0%
EOF München GmbH & Co KG Wohnanlage Reim KG	Germany	Funds management	1 November 2007	80.0%
Dutch Active Fund Propco BV	The Netherlands	Funds management	21 December 2007	62.0%
German Retail FundCo SARL	Luxembourg	Funds management	21 December 2007	92.5%
GPT Wholesale Shopping Centre Fund (formerly GEM Retail Property Trust)	Australia	Property investment	30 March 2007	60.0%
Crown Street Trust	Australia	Property investment	30 March 2007	100.0%
GPT Retail Subsidiary Trust	Australia	Property investment	30 March 2007	100.0%

23. Business Combinations

(a) Halverton Real Estate Investment Management Limited

GPT Management Holdings Limited acquired 100% of the issued capital of Halverton Real Estate Investment Management Limited and its controlled entities (Halverton) for cash consideration of Euro €53.1 million (AUD$84.9 million) in two separate tranches, as detailed below:

1. in June 2007, Halverton management, who own 50% of Halverton's share capital, agreed to sell their shares to GPT UK Limited. The acquisition was completed on 10 July 2007. The purchase consideration for ordinary equity was Euro €32.6 million (AUD$51.7 million) and an additional cash injection of Euro €5.0 million (AUD$7.9 million), and
2. BGP (UK) Investments Limited owned the remaining 50% of Halverton shares. BGP (UK) Investments Limited was 50% owned by GPT International Pty Limited, a wholly owned entity of GPT. GPT UK Limited acquired the remaining 50% interest in BGP (UK) Investments Limited on 29 November 2007 for Euro €15.6 million (AUD$25.3 million).

Halverton, which has been rebranded as GPT Halverton, is a pan European investment and asset management company employing 125 people and operating in the United Kingdom, France, The Netherlands, Germany, Sweden and Denmark. It has assets under management of over Euro €1.3 billion (AUD$2.2 billion). The entities acquired are set out in note 24.

The fair values of the identifiable assets and liabilities of Halverton and BGP (UK) Investments Limited as at the date of their respective acquisitions were:

	Halverton/BGP (UK) Investments Limited	
	Recognised on acquisition	Carrying amounts recognised by consolidated entity
	$M	$M
Fair value of net assets acquired		
Cash and cash equivalents***	8.2	8.2
Loans and receivables	5.8	5.8
Property, plant and equipment	1.5	1.5
Other assets	0.4	0.4
Total assets	15.9	15.9
Payables	16.8	16.8
Borrowings	4.3	4.3
Total liabilities	21.1	21.1
Fair value of identifiable net assets	(5.2)	(5.2)
Fair value adjustment to net assets of the 50% interest in BGP (UK) Investments Limited*	1.1	1.1
Net fair value of identifiable net assets acquired	(4.1)	(4.1)
Goodwill arising on acquisition	117.7	117.7
Total identifiable net assets and goodwill	113.6	113.6
Consideration		
Purchase consideration - October 2006*	22.6	
Purchase consideration - July 2007**	59.6	
Purchase consideration - November 2007**	25.3	
Costs directly attributable to acquisition	6.1	
Total consideration	113.6	
Net cash outflow on acquisition		
Net cash acquired with controlled entity	8.2	
Cash paid	48.4	
Net cash (outflow)/inflow	(40.2)	

* In October 2006, GPT purchased 50% of BGP (UK) Investments Limited for a cash consideration of AUD$22.6 million. GPT's investment was by way of ordinary equity of Euro €2.4 million (AUD$3.9 million) and loans of Euro €11.2 million (AUD$18.7 million). As a result of the business combination on 10 July 2007, BGP (UK) Investments Limited became a controlled entity.

The AUD$1.1 million increase in net assets is the result of a fair value adjustment to the net assets of GPT's 50% interest in BGP (UK) Investments Limited at 10 July 2007 and 29 November 2007, which were the dates of the first and second tranches of the business combination.

** The consideration paid for the first tranche on 10 July 2007 was in the form of cash consideration of Euro €37.6 million (AUD$59.6 million) by way of ordinary equity of Euro €10.7 million (AUD$17.0 million) and loans of Euro €26.9 million (AUD$42.6 million). In November 2007, the cash consideration of Euro €15.6 million (AUD$25.3 million) was by way of ordinary equity.

*** Includes cash injection of Euro €5.0 million (AUD$7.9 million) in July 2007.

23. Business Combinations (continued)

Other acquisitions during the financial year
The consolidated entity gained control over the following entities, none of which were individually significant to the consolidated entity:

(b) Hamburg Trust
On 3 July 2007, GPT International Pty Limited acquired 60% of the ordinary shares of Hamburg Trust Grundvermogen und Anlage GmbH and its controlled entities (Hamburg Trust) from BGP Investments SARL, an entity owned 50% by GPT through the joint venture arrangement with Babcock & Brown, for cash consideration of Euro €0.3 million (AUD $0.5 million). GPT previously reported this acquisition was estimated to cost AUD$5.1 million on the assumption that a loan facility of Hamburg Trust was fully drawn down. The loan facility was not drawn and this resulted in a AUD$4.6 million reduction of the purchase consideration. The entities acquired are set out in note 24.

GPT acquired a further 20% interest in Hamburg Trust on 9 November 2007, which is not included below, bringing GPT's ownership interest to 80%.

The Hamburg Trust is a start up German closed-end funds management business which employs 15 people and undertakes property, asset and investment management activities.

(c) H2O Fund
On 30 August 2007, GPT Europe 2 SARL acquired 94.8% of the ordinary shares of H20 Fundco SARL (H20). The entities acquired are set out in note 24.

The fair values of the identifiable assets and liabilities of Hamburg Trust and H2O as at the date of their respective acquisitions were:

	Other acquisitions	
	Recognised on acquisition	Carrying amounts recognised by consolidated entity
	$M	$M
Fair value of net assets acquired		
Cash and cash equivalents	6.0	6.0
Loans and receivables	20.3	20.3
Inventories	328.8	328.8
Property, plant and equipment	0.5	0.5
Other assets	7.5	7.5
Total assets	363.1	363.1
Payables	5.6	5.6
Borrowings	350.8	350.8
Provisions	0.1	0.1
Other liabilities	4.0	4.0
Total liabilities	360.5	360.5
Minority interests	2.7	2.7
Net fair value of identifiable net assets acquired	(0.1)	(0.1)
Goodwill arising on acquisition	0.7	0.7
Total identifiable net assets and goodwill	0.6	0.6
Consideration		
Purchase consideration	0.5	
Costs directly attributable to acquisition	0.1	
Total consideration	0.6	
Net cash outflow on acquisition		
Net cash acquired with controlled entity	6.0	
Cash paid	0.6	
Net cash (outflow)/inflow	5.4	

Since acquisition, Halverton, Hamburg Trust and the H20 Fund have contributed a loss of AUD $11.2 million to GPT's net profit after income tax expense. It is impractical to estimate the total revenues and net profit after income tax expense had the acquisitions occurred on 1 January 2007 as none of the entities were required to report under IFRS prior to acquisition by GPT.

Due to the timing of certain business combinations and audits which were incomplete at the date of this report, certain business combinations were determined using provisional information.

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24. Controlled entities

The following entities were controlled as at the end of the financial year. The consolidated financial statements incorporate the assets, liabilities and results of the following controlled entities in accordance with the accounting policy described in note 1(c).

Name of entity	Country of of incorporation	Consolidated Entity 2007 %	Consolidated Entity 2006 %	Parent Entity 2007 %	Parent Entity 2006 %
Australian Resorts Pty Limited	Australia	**100.0**	100.0	**-**	-
Ayers Rock Resort Trust	Australia	**100.0**	100.0	**-**	-
Bedarra Hideaway Pty Limited	Australia	**100.0**	100.0	**-**	-
Bedarra Island Pty Limited	Australia	**100.0**	100.0	**-**	-
Brampton Island Pty Limited	Australia	**100.0**	100.0	**-**	-
Crown Street Trust [(2)]	Australia	**-**	100.0	**-**	-
Dunk Island Pty Limited	Australia	**100.0**	100.0	**-**	-
Destinations & Voyages Travel Pty Limited	Australia	**100.0**	100.0	**-**	-
GPT BM Loan Trust	Australia	**100.0**	100.0	**100.0**	100.0
GPT BM Investment Trust	Australia	**100.0**	100.0	**100.0**	100.0
GPT Commercial Subsidiary Trust	Australia	**100.0**	100.0	**100.0**	100.0
GPT Development Pty Limited	Australia	**100.0**	100.0	**-**	-
GPT Finance Pty Limited	Australia	**100.0**	100.0	**100.0**	100.0
GPT Funds Management Limited	Australia	**100.0**	100.0	**-**	-
GPT Funds Management 2 Pty Limited	Australia	**100.0**	100.0	**100.0**	100.0
GPT Hamilton Island Trust	Australia	**100.0**	100.0	**-**	-
GPT Hotel Trust	Australia	**100.0**	100.0	**99.9**	99.9
GPT Hotel (Darling Harbour) Trust	Australia	**100.0**	100.0	**-**	-
GPT Hotels Pty Limited	Australia	**100.0**	-	**-**	-
GPT Industrial Trust	Australia	**100.0**	100.0	**99.9**	99.9
GPT Industrial (Somerton) Trust	Australia	**100.0**	100.0	**-**	-
GPT Industrial Subsidiary Trust	Australia	**100.0**	100.0	**-**	-
GPT Industrial Subsidiary Trust No.2	Australia	**100.0**	100.0	**-**	-
GPT International Pty Limited	Australia	**100.0**	100.0	**-**	-
GPT Investment Trust No 1	Australia	**100.0**	100.0	**100.0**	100.0
GPT Management Custodian Pty Limited	Australia	**100.0**	100.0	**100.0**	100.0
GPT Management Holdings Limited	Australia	**100.0**	100.0	**-**	-
GPT Nominees Pty Limited	Australia	**100.0**	100.0	**100.0**	100.0
GPT Property Management Pty Limited	Australia	**100.0**	100.0	**-**	-
GPT Pty Limited	Australia	**100.0**	100.0	**100.0**	100.0
GPT RE Limited	Australia	**100.0**	100.0	**-**	-
GPT Residential Trust (formerly GPT Office Trust)	Australia	**100.0**	100.0	**99.9**	99.9
GPT Residential Pty Limited	Australia	**100.0**	-	**-**	-
GPT Residential (Rouse Hill) Trust	Australia	**100.0**	100.0	**-**	-
GPT Residential (Twin Waters) Trust	Australia	**100.0**	100.0	**-**	-
GPT Retail Subsidiary Trust [(2)]	Australia	**-**	100.0	**-**	-
GPT Retail (Rouse Hill) Trust	Australia	**100.0**	100.0	**100.0**	100.0
GPT Subsidiary Holding Trust	Australia	**100.0**	100.0	**100.0**	100.0
GPT Wholesale Shopping Centre Fund (formerly GEM Retail Property Trust) [(2)]	Australia	**-**	100.0	**-**	99.9
Hamburg Trust Australia 1	Australia	**80.0**	-	**-**	-
Heron Island Pty Limited	Australia	**100.0**	100.0	**-**	-
Homemaker Retail Property Trust No 2	Australia	**100.0**	-	**100.0**	-
Homemaker Retail Property Trust	Australia	**100.0**	100.0	**-**	-
Homemaker Retail Management Pty Limited	Australia	**100.0**	100.0	**99.9**	99.9
Homemaker Property Management Pty Limited	Australia	**100.0**	100.0	**-**	-
Hunter Trust	Australia	**100.0**	-	**-**	-
Lizard Island Pty Limited	Australia	**100.0**	100.0	**-**	-
Melbourne Central Unit Trust	Australia	**100.0**	100.0	**50.0**	50.0
Melbourne Central Custodian Pty Ltd	Australia	**100.0**	100.0	**100.0**	100.0
Melbourne Central Holdings Pty Ltd	Australia	**100.0**	100.0	**100.0**	100.0
Silky Oaks Pty Limited	Australia	**100.0**	100.0	**-**	-
Subsidiary Trust	Australia	**100.0**	-	**100.0**	-
The Mutitjulu Foundation Limited	Australia	**100.0**	100.0	**-**	-
Voyages Pty Limited	Australia	**100.0**	100.0	**-**	-
Voyages Hotels & Resorts Pty Limited	Australia	**100.0**	100.0	**-**	-
Voyages Lodges Pty Limited	Australia	**100.0**	100.0	**-**	-
Voyages Mountain & Marine Pty Limited	Australia	**100.0**	100.0	**-**	-
Wrotham Park Lodge Pty Limited	Australia	**100.0**	100.0	**-**	-
818 Bourke Street Trust	Australia	**100.0**	100.0	**-**	-

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24. Controlled entities (continued)

Name of entity	Country of of incorporation	Consolidated Entity 2007 %	Consolidated Entity 2006 %	Parent Entity 2007 %	Parent Entity 2006 %
Alliance HT Limited Partnership	United States	**74.4**	-	**-**	-
Alliance HT Mezz, LLC	United States	**74.4**	-	**-**	-
Alliance HT Mezz Limited Partnership	United States	**74.4**	-	**-**	-
Alliance HTTX Limited Partnership	United States	**74.4**	-	**-**	-
Alliance HTFL Limited Partnership	United States	**74.4**	-	**-**	-
Alliance HT GP, LLC	United States	**74.4**	-	**-**	-
Alliance HTTX GP, LLC	United States	**74.4**	-	**-**	-
Alliance HTFL GP, LLC	United States	**74.4**	-	**-**	-
GPT BM Investment LLC	United States	**100.0**	100.0	**-**	-
GPTMH BM Investment LLC	United States	**100.0**	100.0	**-**	-
GPT US Inc	United States	**100.0**	100.0	**-**	-
BGP (UK) Investments Limited [3]	United Kingdom	**100.0**	-	**-**	-
Colinsco Limited Partnership [1]	United Kingdom	**100.0**	-	**-**	-
EB8 Investments 1 Limited [1]	United Kingdom	**100.0**	-	**-**	-
GPT Halverton Limited (formerly Halverton Real Estate Investment Management Limited) [1]	United Kingdom	**100.0**	-	**-**	-
GPT Halverton Financial Services Limited (formerly Halverton Financial Services Limited) [1]	United Kingdom	**100.0**	-	**-**	-
GPT UK Limited	United Kingdom	**100.0**	100.0	**-**	-
Halverton Co-investment Limited [1]	United Kingdom	**100.0**	-	**-**	-
Halverton EB8 Limited [1]	United Kingdom	**100.0**	-	**-**	-
Halverton Investments Limited	United Kingdom	**100.0**	-	**-**	-
Halverton Investments (GO) Limited [1]	United Kingdom	**100.0**	-	**-**	-
Halverton Investment (GRP) Limited (formerly H20 Weert PropCo Limited) [1]	United Kingdom	**100.0**	-	**-**	-
Halverton Management Limited [1]	United Kingdom	**100.0**	-	**-**	-
Halverton Secretaries Limited [1]	United Kingdom	**100.0**	-	**-**	-
Roofgold Limited [1]	United Kingdom	**100.0**	-	**-**	-
JO Property Consulting Limited	United Kingdom	**100.0**	-	**-**	-
EOF München GmbH & Co KG Zweite Reim KG [4]	Germany	**80.0**	-	**-**	-
EOF München GmbH & Co KG Wohnanlage Reim KG [4]	Germany	**80.0**	-	**-**	-
GPT Halverton GmbH (formerly Halverton Real Estate Investment Management GmbH) [1]	Germany	**80.0**	-	**-**	-
Hamburg Trust Asset Management HTAM GmbH [1]	Germany	**80.0**	-	**-**	-
Hamburg Trust Beteiligungsmanagement HTB GmbH [1]	Germany	**80.0**	-	**-**	-
Hamburg Trust Grundvermögen and Anlage GmbH [1]	Germany	**80.0**	-	**-**	-
Hamburg Trust HTG Australien 1 GmbH & Co KG [1]	Germany	**80.0**	-	**-**	-
Hamburg Trust HTG Australien 2 GmbH & Co KG [1]	Germany	**80.0**	-	**-**	-
Hamburg Trust HTG Australien 3 GmbH & Co KG [1]	Germany	**80.0**	-	**-**	-
Hamburg Trust HTG Deutschland 1 GmbH & Co KG [4]	Germany	**80.0**	-	**-**	-
Hamburg Trust HTG Deutschland 2 GmbH & Co KG [1]	Germany	**80.0**	-	**-**	-
Hamburg Trust HTG Deutschland 3 GmbH & Co KG [1]	Germany	**80.0**	-	**-**	-
Hamburg Trust HTG USA 1 GmbH & Co KG [1]	Germany	**80.0**	-	**-**	-
Hamburg Trust HTG USA 3 GmbH & Co KG [1]	Germany	**80.0**	-	**-**	-
Hamburg Trust HTG USA 4 GmbH & Co KG [1]	Germany	**80.0**	-	**-**	-
Hamburg Trust Treuhand HTT GmbH [1]	Germany	**80.0**	-	**-**	-
Hamburg Trust Verwaltung HTV USA GmbH [1]	Germany	**80.0**	-	**-**	-
Hamburg Trust Verwaltung HTV Europa GmbH [1]	Germany	**80.0**	-	**-**	-
Hamburg Trust Verwaltung HTV Asien GmbH [1]	Germany	**80.0**	-	**-**	-
HT HTG Australien 1 Beteiligungs GmbH & Co KG [1]	Germany	**80.0**	-	**-**	-
HT HTG Australien 2 Beteiligungs GmbH & Co KG [1]	Germany	**80.0**	-	**-**	-
GPT Halverton ApS (formerly Halverton Real Estate Investment Management ApS) [1]	Denmark	**51.0**	-		
H20 Am Moosfield ApS [1]	Denmark	**94.8**	-	**-**	-
H20 Berlin Charlottenburg ApS [1]	Denmark	**94.8**	-	**-**	-
H20 Denmark PropCo ApS [1]	Denmark	**94.8**	-	**-**	-
H20 France HoldCo ApS [1]	Denmark	**94.8**	-	**-**	-
H20 France PropCo ApS [1]	Denmark	**94.8**	-	**-**	-
H20 Gaertringen ApS [1]	Denmark	**94.8**	-	**-**	-
H20 Germany HoldCo ApS [1]	Denmark	**94.8**	-	**-**	-
H20 Krefeld Fichtenhain ApS [1]	Denmark	**94.8**	-	**-**	-
H20 Munster ApS [1]	Denmark	**94.8**	-	**-**	-
H20 Offenburg ApS [1]	Denmark	**94.8**	-	**-**	-
H20 Puchheim ApS [1]	Denmark	**94.8**	-	**-**	-
H20 Sinisheim ApS [1]	Denmark	**94.8**	-	**-**	-

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24. Controlled entities (continued)

Name of entity	Country of of incorporation	Consolidated Entity 2007 %	Consolidated Entity 2006 %	Parent Entity 2007 %	Parent Entity 2006 %
GPT Europe SARL	Luxembourg	**100.0**	100.0	**-**	-
GPT Europe 2 SARL	Luxembourg	**100.0**	-	**-**	-
GPT Europe Finance SA	Luxembourg	**100.0**	100.0	**-**	-
H20 Finland LuxCo SARL (1)	Luxembourg	**94.8**	-	**-**	-
H20 FundCo SARL (1)	Luxembourg	**94.8**	-	**-**	-
HBI Lux PropCo A SARL (1)	Luxembourg	**100.0**	-	**-**	-
H20 LuxCo SARL (1)	Luxembourg	**94.8**	-	**-**	-
H20 Finland HoldCo OY (1)	Finland	**94.8**	-	**-**	-
H20 Propco One OY (1)	Finland	**94.8**	-	**-**	-
H20 Amsterdam BV (formerly H20 Dutch II BV) (1)	The Netherlands	**94.8**	-	**-**	-
H20 Dutch BV (1)	The Netherlands	**94.8**	-	**-**	-
GPT Halverton BV (formerly Halverton Real Estate Investment Management BV) (1)	The Netherlands	**100.0**	-	**-**	-
Wooloomooloo Investments BV	The Netherlands	**100.0**	-	**-**	-
Benelux Industrial Partnership General Partner BV (1)	The Netherlands	**100.0**	-	**-**	-
Benelux Industrial Partners German Holdco BV (1)	The Netherlands	**100.0**	-	**-**	-
Halverton SAS (formerly Halverton Real Estate Investment Management SAS) (1)	France	**100.0**	-	**-**	-
GPT Halverton AB (formerly Halverton Real Estate Investment Management AB) (1)	Sweden	**100.0**	-	**-**	-
GPT Halverton AB (1)	Sweden	**100.0**	-	**-**	-
GPT MaltaCo 1 Limited	Malta	**100.0**	100.0	**-**	-
GPT MaltaCo 2 Limited	Malta	**100.0**	100.0	**-**	-

1 Controlled entities acquired during the current financial year.
2 Controlled entities disposed of during the current financial year (refer to note 22).
3 Controlled entity was previously a joint venture.
4 Controlled entities acquired and disposed of during the current financial year (refer to note 22).
The proportion of ownership interest is equal to the proportion of voting power held.

25. Key management personnel disclosures

(a) Details of Key Management Personnel

(i) Directors
The Directors of GPT Management Holdings Limited and GPT RE Limited during the financial year and up to the date of this report were:

Peter Joseph
Eric Goodwin
Malcolm Latham
Nic Lyons
Ian Martin
Anne McDonald
Ken Moss
Elizabeth Nosworthy

(ii) Other key management personnel
In addition to the Directors, the following persons also had the greatest authority for the strategic direction and management of GPT, directly or indirectly, during the financial year:

Michael O'Brien	Chief Operating Officer
Kieran Pryke	Chief Financial Officer
Neil Tobin	General Manager - Joint Venture
Jonathan Johnstone	Head of Europe
Mark Fookes	Head of Retail
Nicholas Harris	Head of Wholesale
James Coyne	General Counsel and Secretary

(b) Key management personnel compensation

	Consolidated entity 31 Dec 2007 $'000	Consolidated entity 31 Dec 2006 $'000	Parent entity 31 Dec 2007 $'000	Parent entity 31 Dec 2006 $'000
Short term employee benefits	**10,011.4**	7,568.6	**10,011.4**	7,568.6
Post employment benefits	**193.1**	312.9	**193.1**	312.9
Other long term benefits	**3,740.3**	4,534.0	**3,740.3**	4,534.0
Total key management personnel compensation	**13,944.8**	12,415.5	**13,944.8**	12,415.5

25. Key management personnel disclosures (continued)

GPT has applied the exemption under the *Corporation Amendments Regulation 2006* which exempts listed entities from duplicating key management personnel disclosures in the annual financial statements. As such, detailed remuneration disclosures are provided in Sections 3.3 and 3.4 of the Remuneration Report at Tables D and E.

(c) Equity instrument disclosures relating to key management personnel
The number of GPT stapled securities held during the financial year by each key management personnel, including their personally-related parties, are set out below:

	Balance 1 Jan 2006	Purchases/ (Sales)	Balance 31 Dec 2006	Purchases/ (Sales)	Balance 31 Dec 2007
Directors					
Peter Joseph	50,000	-	50,000	-	50,000
Eric Goodwin	10,000	1,241	11,241	534	11,775
Malcolm Latham	13,195	-	13,195	-	13,195
Nic Lyons	50,000	684,116	734,116	434,999	1,169,115
Ian Martin	50,000	1,241	51,241	-	51,241
Anne McDonald	-	10,500	10,500	-	10,500
Ken Moss	25,000	1,241	26,241	-	26,241
Brian Norris [1]	4,097	-	-	-	-
Elizabeth Nosworthy	5,000	1,241	6,241	296	6,537
Senior Executives					
Michael O'Brien	-	298,476	298,476	254,658	553,134
Kieran Pryke	5,053	246,173	251,226	78,922	330,148
Neil Tobin	5,000	225,975	230,975	111,623	342,598
Mark Fookes	3,500	248,385	251,885	94,735	346,620
Jonathan Johnstone [3]	-	-	179,287	42,728	222,015
Nicholas Harris	-	190,627	190,627	50,217	240,844
James Coyne	-	135,369	135,369	40,938	176,307
Bruce Morris [2]	-	208,738	208,738	-	-

1 B. Norris resigned during the year and his holdings at 31 December 2006 are not shown.
2 B. Morris is not part of the key management personnel for 2007.
3 J. Johnstone is part of the key management personnel in 2007.

(d) Loans to key management personnel
Details of loans made during the financial year to each key management personnel, including their personally-related parties, are set out below:

	Opening Balance 1 Jan 2007 $	Loans made during the year $	Interest charged for the year $	Interest not charged for the year* $	Closing Balance 31 Dec 2007 $	Highest indebtedness during the year $
Nic Lyons	2,820,098	2,223,997	243,229	162,840	4,891,401	5,016,684
Michael O'Brien	1,209,782	1,301,977	116,811	78,204	2,440,195	2,500,000
James Coyne	558,025	209,302	39,858	26,684	741,132	761,903
Kieran Pryke	1,035,398	403,235	74,488	49,870	1,389,771	1,428,569
Neil Tobin	926,410	570,689	74,170	49,657	1,449,724	1,488,095
Mark Fookes	1,013,600	484,347	76,132	50,969	1,448,552	1,488,095
Jonathan Johnstone	741,133	218,453	50,803	34,012	925,828	952,377
Nicholas Harris	881,834	256,742	60,432	40,459	1,102,360	1,130,948
Bruce Morris [1]	860,471	-	-	-	-	-

* The amounts shown for interest not accrued represent the difference between the amount paid and payable for the financial year and interest that would have been charged on an arm's length basis.
1. B. Morris is not part of the key management personnel for 2007.

All these loans are pursuant to the Employee Incentive Scheme (EIS). Refer to note 26 for details.

(e) Other transactions with key management personnel
There have been no transactions with key management personnel other than those transactions outlined above.

26. Share based payments

GPT has an employee incentive scheme that contains two qualifying levels, as detailed below.

Employee Incentive Scheme
The Employee Incentive Scheme (EIS), which was approved by shareholders at the 2005 annual general meeting, is a scheme under which GPT stapled securities are issued or purchased on-market on behalf of GPT employees for no cash consideration.

The EIS has two qualifying levels – the 'General Scheme' which applies to all GPT employees (other than certain Senior Executives) and the 'Long Term Incentive (LTI) Scheme' where participation is only offered to certain Senior Executives by the GPT Board.

Under the General Scheme, all permanent employees (excluding Non-Executive Directors) who are continuously employed by GPT for greater than one year are eligible to participate. Purchase of GPT stapled securities is by employee loan, which is made available to participating employees by the Scheme Administrator, to fund the acquisition of GPT stapled securities. The Scheme Administrator must use the loan proceeds to acquire GPT stapled securities on-market or to subscribe for the issue of new GPT stapled securities.

All GPT stapled securities are acquired on-market at the market price prevailing at the time of acquisition or when new GPT stapled securities are issued. The market price is determined as the weighted average of GPT stapled securities traded on the ASX during the five trading days up to and including the day the GPT stapled securities are issued.

(i) The General Scheme
Under the General Scheme, employees may participate in the EIS up to a nominated percentage of their Total Package Value (TPV). TPV includes cash, superannuation, other salary sacrifice items and FBT. When an employee's TPV is increased following a remuneration review, the employee loan may increase up to the nominated percentage % of the new TPV. As at 31 December 2007, the nominated percentage is 20%.

The employee loans made under the Scheme are interest free, have no fixed term and is non-recourse. The interest component is a cost to GPT. After deducting amounts for tax on the participating employee's income, the loans are repaid using net distributions from GPT stapled securities and while the employee loan remains outstanding, the GPT stapled securities are held subject to a holding lock and are not able to be transferred or otherwise dealt with.

(ii) The Long Term Incentive (LTI) Scheme
The Board of GPT, on the recommendation of the Nomination and Remuneration Committee, determines the GPT Senior Executives eligible to participate in the LTI Scheme and, for each participating Senior Executive, their maximum potential LTI and loan amount, calculated by reference to a percentage of their TPV having regard to the advice received from external remuneration consultants.

Employee loans made under the LTI Scheme have no fixed term and are interest bearing. Interest is calculated on a simple basis at 5.9% (Dec 2006: 5.6%). After deducting amounts for tax on the participating employee's income, the loans are repaid using net distributions from GPT stapled securities and while the employee loan remains outstanding, the GPT stapled securities are held subject to a holding lock and are not able to be transferred or otherwise dealt with.

Except in defined circumstances, the loan has full recourse. Where the employee leaves GPT, the employee loan and the accumulated cost of providing the loan at that time must be repaid (either by the sale of securities or some other source of funds).

However, at the discretion of the Board, the loan and outstanding interest may be waived on retirement of the employee, or on death or total permanent disability of the employee, on redundancy without cause of the employee; or on takeover.

Fair value of security based payment
Under the requirements of AASB 2, loans granted under the General Scheme are accounted for as 'options' because the loans are non-recourse. The assessed fair value is expensed to the Income Statement as the stapled securities vest immediately. Fair value at grant date has been independently determined using the Monte Carlo pricing model that takes into account grant date, security price at grant date, the current price of the GPT stapled securities, staff turnover rate, voluntary exercise rate, the risk free interest rate, expected dividend yield, impact of dilution and expected volatility of the GPT stapled securities for the term of the GPT stapled security. The fair value of the 'options' was calculated as 95.0c per stapled security (Dec 2006: 95.0c per security).

Employee Incentive Scheme
The GPT stapled securities issued under the Employee Incentive Scheme to participating employees are set out below:

	Number of GPT stapled securities issued during the year		Total number of GPT stapled securities issued	
	31 Dec 2007	31 Dec 2006	**31 Dec 2007**	31 Dec 2006
GPT stapled securities issued under the 'General Scheme'	**394,569**	1,296,815	**1,691,384**	1,296,815
GPT stapled securities issued under the 'Long Term Incentive Scheme'	**2,735,376**	5,710,332	**8,445,708**	5,710,332

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27. Related party transactions

(a) Ultimate Parent
General Property Trust is the ultimate parent entity.

(b) Controlled entities, joint ventures and associates
Equity interests in controlled entities, joint ventures and associates are set out in notes 24 and 12. Loans provided to joint ventures and associates as part of the funding of those arrangements are set out in note 7. Details of the parent entity interests in controlled entities are set out in note 24.

(c) Key management personnel
Disclosures relating to key management personnel are set out in note 25 and remuneration paid to directors of the ultimate parent entity is set out in the Remuneration Report within the Directors' Report. Included within note 25(a) in 'other key management personnel' is Elizabeth Nosworthy and Ian Martin who are directors of Babcock & Brown Limited, with whom GPT has a joint venture arrangement. The remuneration they received was transacted at arms length.

(d) Transactions with related parties

	Consolidated entity		Parent entity	
	31 Dec 2007	31 Dec 2006	**31 Dec 2007**	31 Dec 2006
	$M	$M	**$M**	$M
Transactions with related parties other than associates and joint ventures				
Revenues				
Distributions received from controlled entities	**-**	-	**253.4**	544.5
Rent revenue from the Company	**-**	-	**0.9**	0.8
Expenses				
Cost associated with internalisation paid to GPT RE Limited	**-**	-	**(3.8)**	(11.2)
Interest paid on loan from the Company	**-**	-	**-**	(2.4)
Responsible Entity fees paid to GPT RE Limited	**-**	-	**(24.0)**	(15.1)
Responsible Entity fees paid to GPT RE Limited capitalised	**-**	-	**(7.0)**	(6.6)
Property management fee to the Company	**-**	-	**(16.7)**	(15.4)
Development management fee to the Company	**-**	-	**(13.5)**	(14.1)
Management costs recharged to the Company	**-**	-	**(5.3)**	(5.1)
Payroll costs recharged from the Company	**-**	-	**(5.8)**	(14.0)
Contributions to superannuation funds on behalf of employees	**(7.7)**	(7.5)	**-**	-
Other transactions				
Loan repayments to the Company	**-**	-	**-**	(110.5)
Loan advanced to the Company	**-**	-	**(42.2)**	(14.9)
Loans advanced to controlled entities	**-**	-	**(20.9)**	(48.0)
Interest received on loan from the Company	**-**	-	**7.2**	-
Interest received on loans from controlled entities	**-**	-	**4.6**	3.4
Increase in units in controlled entities	**-**	-	**(1,211.6)**	(981.5)
Redemption of units in controlled entities	**-**	-	**1,674.0**	913.7
Acquisition of Floreat Forum from controlled entity	**-**	**-**	**(120.0)**	**-**
Disposal of Rouse Hill Town Centre to controlled entity	**-**	**-**	**477.3**	**-**
Transactions with associates and joint ventures				
Revenues				
Distributions received from joint ventures	**85.7**	75.1	**50.7**	49.5
Distributions from associates	**92.6**	22.5	**92.2**	22.5
Interest revenue from joint ventures	**96.6**	57.9	**79.0**	47.7
Interest revenue from associates	**1.2**	4.7	**-**	-
Other transactions				
Loans advanced to joint ventures	**(465.0)**	(577.2)	**(325.2)**	(374.6)
Loan repayments from joint ventures	**12.8**	-	**-**	-
Loan repayments from associates	**1.9**	25.1	**-**	-
Increase in units in joint ventures	**(192.9)**	203.7	**(7.7)**	(4.7)
Decrease in units in joint ventures	**1.0**	-		
Increase in units in associates	**(8.3)**	4.5	**-**	-
Deposit received from GWOF for workplace[b]	**106.5**	-	**-**	-

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	Consolidated entity		Parent entity	
	31 Dec 2007	31 Dec 2006	**31 Dec 2007**	31 Dec 2006
	$M	$M	**$M**	$M

28. Notes to the Statement of Cashflow

(a) Reconciliation of net profit after income tax expense to net cash inflows from operating activities

Net profit for the financial year	**1,182.5**	1,384.0	**1,051.9**	1,310.6
Fair value adjustments to investment properties	**(458.5)**	(670.9)	**(212.3)**	(298.3)
Fair value adjustments to equity accounted investments	**(296.5)**	(182.1)	**(358.2)**	(428.5)
Fair value adjustments to derivatives	**51.3**	(60.9)	**52.2**	(60.9)
Net foreign exchange (gain)/loss	**(23.0)**	17.8	**(32.3)**	(5.4)
Impairment expense	**1.4**	28.0	**-**	6.9
Net (gain)/loss on disposal of investment properties	**0.4**	(10.8)	**-**	(11.1)
Depreciation and amortisation	**21.9**	19.8	**-**	-
Amortisation of leasing fees	**-**	2.4	**-**	1.0
Non cash revenue adjustments	**23.6**	18.8	**9.7**	7.0
Non-cash employee benefits - share based payments	**3.8**	0.9	**-**	-
Interest capitalised	**(26.8)**	(6.7)	**(7.5)**	(6.7)
Provision for doubtful debts	**(0.2)**	(0.2)	**(0.2)**	(0.5)
Change in operating assets and liabilities				
(Increase)/decrease in receivables	**(81.7)**	(54.4)	**(46.7)**	(52.9)
Increase/(decrease) in payables	**88.9**	(6.8)	**30.1**	3.6
Net cash inflows from operating activities	**487.1**	478.9	**486.7**	464.8

(b) Reconciliation of cash

Reconciliation of cash at the end of the financial year (as shown in the Statement of Cashflow) to the related item in the financial statements as follows:

Cash at bank and on hand	**350.3**	58.8	**292.1**	40.4
Total cash at end of the financial year	**350.3**	58.8	**292.1**	40.4

(c) Non-cash financing and investing activities

Consolidated Entity

$165.5 million (Dec 2006: $nil) of distributions satisfied by way of the issue of 35,864,327 GPT stapled securities under the distribution reinvestment plan (DRP) (refer to note 19).

Parent Entity

$159.0 million (Dec 2006: $nil) of distributions satisfied by way of the issue of 35,864,327 GPT stapled securities under the distribution reinvestment plan (DRP) (refer to note 19).

29. Contingent Assets and Liabilities

Except for the matters below, there are no other material contingent assets or liabilities at reporting date.

GPT Wholesale Office Fund (GWOF)

At 31 December 2007, the GWOF outperformed the benchmark. Due to the fee cap, the performance fee was limited to $11,380,384 (Dec 2006: $4,338,000) for the twelve months to 31 December 2007. The discounted outperformance of $44,590,570 (Dec 2006: $9,311,000) has been carried forward to future periods. As the amount of the outperformance may fluctuate in future periods, the amount is contingent on future events not wholly within the control of the Company and as such has not been recognised as income/ a receivable on the balance sheet at 31 December 2007.

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	Consolidated entity		Parent entity	
	31 Dec 2007	31 Dec 2006	**31 Dec 2007**	31 Dec 2006
	$M	$M	**$M**	$M

30. Commitments

(a) Capital expenditure commitments

At 31 December 2007, GPT has commitments principally relating to the purchase of property, plant and equipment which have been approved but not recognised as liabilities in the balance sheet, as set out below:

Due within 1 year	**444.8**	587.7	**205.0**	294.1
Due between 1 and 5 years	**12.4**	153.1	**12.4**	42.8
Total capital expenditure commitments	**457.2**	740.8	**217.4**	336.9

(b) Operating lease commitments

At 31 December 2007, future minimum rentals payable under non-cancellable operating leases are as follows:

Due within 1 year	**27.1**	10.5	**0.1**	0.4
Due between 1 and 5 years	**94.6**	33.5	**0.5**	1.3
Over 5 years and expiry date of leases.	**187.0**	108.4	**2.0**	4.9
Total operating lease commitments	**308.7**	152.4	**2.6**	6.6

GPT has entered into commercial leases on motor vehicles, office equipment, office premises, ground leases on certain leasehold properties and hereditary building rights.

The most significant ground leases are:

- $31.0 million (Dec 2006: $28.8 million) for three (Dec 2006: four) leasehold properties in Germany held in the joint venture, BGP Investment SARL, with durations between 4 to 31 years, and
- $51.6 million (Dec 2006: $53.6 million) for the use of Lizard Island, QLD until 2033. The lease payments comprise a turnover rent of 10% of all beverages sold and 20% of all accommodation and meal revenues, calculated semi-annually and a standard monthly rental which is increased every 2 years by an amount that is contingent on movements in the consumer price index relevant for Brisbane, QLD. At 31 December 2007, the contingent rents payable have not been included in the above operating lease commitments.

The hereditary building rights of $76.5 million (Dec 2006: $21.8 million) relate to six (Dec 2006: three) properties in Germany which are held in the joint venture, BGP Investment SARL, with durations between 41 and 197 years and have been discounted in the above operating lease commitments.

(c) Commitments relating to associate and joint venture investments

The above commitments include GPT's share of commitments relating to associate and joint venture investments. Refer to note 12(e) for the share of associates and joint venture entities' commitments.

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For the year ended 31 December 2007

31. Capital and financial risk management disclosures

GPT's Treasury Risk Management Committee (TRMC) oversees the establishment and implementation of the capital and financial risk management system which identifies, evaluates, classifies, monitors, qualifies and reports significant risks to the Audit and Risk Management Committee (ARMC) and, through the ARMC, to the GPT Group Board. The Trust and all controlled entities in the GPT Group apply this risk management system to manage their own risks.

(a) Capital management
GPT's objective when managing capital is to optimise the cost of capital having regard to the relevant real estate market in which it is invested.

Capital management is monitored in two main ways:

- Balance Sheet management – fundamentally concerned with the capital mix of equity and debt and maintaining its gearing levels in line with its desired investment grade credit rating, as discussed below. GPT is able to alter the capital mix by issuing new stapled securities, turning on the DRP and/or electing to have the DRP underwritten, adjusting the amount of distributions paid to stapled securityholders or selling assets to reduce borrowings.

  Protection of GPT's equity in foreign denominated assets and liabilities is achieved by borrowing in the same functional currency as the investments to form a natural economic hedge against any foreign currency fluctuations and by using forward foreign exchange contracts where funds were borrowed in a different currency.

  GPT also protects its equity in assets by taking out insurance cover with credit worthy insurers.

- Income Statement management – fundamentally concerned with supporting the delivery of financial targets by protecting GPT's exposure to net foreign income and interest rate volatility through the use of forward foreign exchange contracts and interest rate derivatives.

(i) Rating agency capital guidelines and gearing levels
GPT aims to maintain the capital strength of the Group by reference to a target financial strength rating as set down by independent ratings agencies. The ratings are important as they reflect the investment grade credit rating of GPT which allows access global capital markets to fund in particular its development pipeline, the operational capital expenditure needs of the business and future investment opportunities. The stronger ratings improves both the availability of capital and the cost at which it can be secured.

The objective is to retain the financial strength rating of 'BBB+' from S&P and 'Baa1' from Moodys. As part of the strategy to achieve this objective, GPT is committed to ensuring:

- a maximum of 40% debt to total tangible assets. At 31 December 2007, the percentage of debt to total tangible assets is 36.3% (Dec 2006: 35.8%)

- a maximum of 50% debt to total tangible assets on a 'look through' gearing basis. In calculating 'look through' gearing, GPT's interest in joint ventures and associates are proportionately consolidated to the extent of GPT's current ownership interests. At 31 December 2007, the percentage of 'look through' debt to total assets is 46.8% (Dec 2006: 46.7%)

(b) Financial risk management
The financial risks that result from GPT's activities are credit risk, liquidity risk, refinancing risk and market risk (interest rate risk, foreign exchange risk and price risk). GPT manages its exposures to these key financial risks in accordance with its treasury risk management policy which forms part of the capital risk management system which focuses on mitigating the impact of volatility in financial markets.

GPT uses various methods to measure and manage these types of risks. The main methods include monitoring levels of exposure and conducting sensitivity analysis in the case of interest rate and foreign exchange risks. Ageing analysis, monitoring of credit allowances and dealing with financial institutions that have at least a credit rating of AA- (or its equivalent) from one of S&P, Moody's or Fitch are methods undertaken to manage credit risk. Liquidity risk is monitored through the development of future rolling cash flow forecasts. The use of these methods may vary from entity to entity within the Group. Derivative financial instruments and non-financial instruments are used to manage these risks, as discussed in (c) to (h) below. GPT's principal financial instruments are set out in note 1(w).

(c) Credit risk
Credit risk is the risk that a contracting entity will not complete its obligations under a financial instrument and result in a financial loss. GPT and the parent entity has exposure to credit risk on all financial assets included in their balance sheets.

GPT manages this risk by:
- establishing credit limits for customers that GPT trades with and managing its exposure to individual entities
- transacting with multiple derivative counterparties that have a long term credit rating of at least AA- (or its equivalent) from S&P, Moodys or Fitch
- utilising ISDA agreements with derivative counterparties in order to limit exposure to credit risk through the netting of amounts receivable from and amounts payable to individual counterparties
- providing loans as an investment into joint ventures, associates and third parties where it is comfortable with the underlying property exposure within that entity
- regularly monitoring loans and receivables balances on an ongoing basis
- regularly monitoring the performance of its associates, joint ventures and third parties on an ongoing basis, and
- obtaining collateral as security (where appropriate).

The maximum exposure to credit risk as at 31 December 2007 is the carrying amounts of financial assets recognised in the balance sheets of the consolidated entity and parent entity. The consolidated entity and parent entity holds no significant collateral as security and the credit quality of all financial assets that are neither past due nor impaired is consistently monitored in order to identify any potential adverse changes in the credit quality.

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31. Capital and financial risk management disclosures (continued)

(c) Credit risk (continued)
Derivative counterparties and cash transactions are limited to financial institutions that meet the treasury risk management policy's minimum credit rating criteria. Credit risk arising on loans and receivable balances is monitored on an ongoing basis with the result that the exposure to bad debts by GPT or the parent entity is not significant. There are no significant financial assets that have had renegotiated terms that would otherwise have been past due or impaired.

For the consolidated entity, the ageing analysis of loans and receivables at 31 December 2007 is as follows: $222.8 million (0-30 days), $7.8 million (31-60 days), $1.9 million (61-90 days), $38.5 million (90+ days). The amounts 61 days and over are past due but no receivables are impaired. For the parent entity, the ageing analysis of trade receivables at 31 December 2007 is as follows: $75.0 million (0-30 days), $nil (31-60 days), $nil (61-90 days), $284.6 million (90+ days). The amounts 61 days and over are past due but no receivables are impaired.

As at 31 December 2007, there is no significant concentration of credit risk in GPT or the parent entity, on a look through basis of loans and receivables balances to the underlying property exposures, with the aggregate exposure to tenancies across the portfolio. The major concentrations of credit risk for GPT arise from transactions in money market instruments, forward foreign currency contracts, cross currency and interest rate swaps, however financial instruments are spread amongst a number of financial institutions to minimise the risk of default of counterparties.

(d) Liquidity risk
Liquidity risk includes the risk that GPT, as a result of its operations:
- will not have sufficient funds to settle a transaction on the due date;
- will be forced to sell financial assets at a value which is less than what they are worth; or
- may be unable to settle or recover a financial asset at all.

Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities (refer to note 17(a)), the ability to close out market positions, and the option to raise funds through the issue of new stapled securities or DRP, as discussed in note 19(a)(i) and (ii).

GPT's main liquidity risk is its ability to refinance its current borrowings. Realised operating income cannot be used to support the refinancing of its facilities as the Trust is required to distribute its taxable income and GPT's policy is to distribute the majority of its realised operating income. The table below shows an analysis of the contractual maturities of key assets, liabilities and capital expenditure commitments which forms part of GPT's assessment of liquidity risk. The funding required to meet contracted maturities in 2008 is available through existing unused facilities which mature from 2009 onwards and the funds available through the issue of new stapled securities through the DRP.

Consolidated entity	**31 December 2007**				31 December 2006			
	1 Year or less	**Over 1 year to 5 years**	**Over 5 years**	**Total**	1 Year or less	Over 1 year to 5 years	Over 5 years	Total
	$M	**$M**	**$M**	**$M**	$M	$M	$M	$M
Assets								
Cash and cash equivalents	**350.3**	**-**	**-**	**350.3**	58.8	-	-	58.8
Warehoused property	**-**	**-**	**397.3**	**397.3**	-	-	-	-
Loans and Receivables	**271.2**	**-**	**1,841.3**	**2,112.5**	157.3	-	1,322.2	1,479.5
Available for sale investments	**-**	**-**	**3.6**	**3.6**	-	-	0.7	0.7
Total assets	**621.5**	**-**	**2,242.2**	**2,863.7**	216.1	-	1,322.9	1,539.0
Liabilities								
Payables	**510.7**	**-**	**-**	**510.7**	228.2	-	-	228.2
Borrowings	**922.3**	**3,462.1**	**610.6**	**4,995.0**	1,630.0	2,325.9	335.8	4,291.7
Capital commitments	**444.8**	**12.4**	**-**	**457.2**	587.7	153.1	-	740.8
Total liabilities	**1,877.8**	**3,474.5**	**610.6**	**5,962.9**	2,445.9	2,479.0	335.8	5,260.7
	(1,256.3)	**(3,474.5)**	**1,631.6**	**(3,099.2)**	(2,229.8)	(2,479.0)	987.1	(3,721.7)

Parent entity	**31 December 2007**				31 December 2006			
	1 Year or less	**Over 1 year to 5 years**	**Over 5 years**	**Total**	1 Year or less	Over 1 year to 5 years	Over 5 years	Total
	$M	**$M**	**$M**	**$M**	$M	$M	$M	$M
Assets								
Cash and cash equivalents	**292.1**	**-**	**-**	**292.1**	40.4	-	-	40.4
Loans and Receivables	**359.6**	**-**	**1,448.2**	**1,807.8**	65.4	-	1,059.1	1,124.5
Available for sale investments	**-**	**-**	**0.1**	**0.1**	-	-	-	-
Total assets	**651.7**	**-**	**1,448.3**	**2,100.0**	105.8	-	1,059.1	1,164.9
Liabilities								
Payables	**412.6**	**-**	**-**	**412.6**	32.3	-	-	32.3
Borrowings	**795.5**	**3,615.7**	**124.6**	**4,535.8**	1,574.6	2,325.9	335.8	4,236.3
Capital commitments	**205.0**	**12.4**	**-**	**217.4**	294.1	42.8	-	336.9
Total liabilities	**1,413.1**	**3,628.1**	**124.6**	**5,165.8**	1,901.0	2,368.7	335.8	4,605.5
	(761.4)	**(3,628.1)**	**1,323.7**	**(3,065.8)**	(1,795.2)	(2,368.7)	723.3	(3,440.6)

* The contractual maturities of borrowings differ from note 17 as borrowings associated with the warehoused property investments have been reclassified to their contractual maturities. In addition to the above table, the notional amount and maturity profile of swaps and foreign exchange contracts are set out in note 31(f)(i) and (g)(ii) respectively

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For the year ended 31 December 2007

31. Capital and financial risk management disclosures (continued)

(e) Refinancing risk
Refinancing risk is the risk that unfavourable interest rate and credit market conditions result in an unacceptable increase in GPT's credit margins and interest cost. Refinancing risk arises when GPT is required to obtain debt to fund existing and new debt positions.

GPT is exposed to refinancing risks arising from the availability of finance as well as the interest rates and credit margins at which financing is available. GPT manages this risk by spreading maturities of borrowings and interest rate swaps, using interest rate derivatives to hedge known and forecast positions and reviewing potential transactions to understand the impact on the credit rating.

(f) Interest rate risk
Interest rate risk refers to the risk that the value of a financial instrument or cash flows associated with the instrument will fluctuate due to changes in market interest rates.

(i) Interest rate risk exposures and maturity profile
GPT's exposure to interest rate risk, categorised by the earlier of contractual repricing dates or maturity dates, together with the face value of interest rate swaps currently in place is set out in the following table.

Exposures arise from assets and liabilities bearing floating interest rates as GPT intends to hold fixed rate liabilities to maturity. As at 31 December 2007, the consolidated entity had 83.8% of financial assets and 97.2% of financial liabilities are fixed (Dec 2006: 94.9% of financial assets and 78.2% of financial liabilities), and the parent entity 91.8% of financial assets and 101.9% of financial liabilities (Dec 2006: 98.5% of financial assets and 78.2% of financial liabilities).

Consolidated entity

		Fixed interest maturing in							
31 December 2007	**Floating interest rate**	**1 year or less**	**Over 1 year to 2 years**	**Over 2 to 3 years**	**Over 3 to 4 years**	**Over 4 to 5 years**	**Over 5 years**	**Non-interest bearing**	**Total**
	$M	**$M**	**$M**	**$M**	**$M**	**$M**	**$M**	**$M**	**$M**
Financial assets									
Cash and cash equivalents									
- Australian dollar	**305.7**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**305.7**
- Euro	**30.9**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**30.9**
- United States dollar	**13.7**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**13.7**
Loans and Receivables									
- Australian dollar	**73.1**	**-**	**-**	**29.1**	**-**	**-**	**-**	**111.9**	**214.1**
- New Zealand Dollar	**-**	**-**	**-**	**43.7**	**-**	**-**	**-**	**-**	**43.7**
- Euro	**-**	**634.1**	**363.2**	**347.8**	**-**	**-**	**-**	**118.1**	**1,463.2**
- United States dollar	**-**	**71.8**	**141.2**	**72.8**	**-**	**-**	**75.0**	**30.7**	**391.5**
Other assets									
- Australian dollar	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**0.7**	**0.7**
- Euro	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**2.9**	**2.9**
- United States dollar	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Derivative financial instruments	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**143.4**	**143.4**
Total financial assets	**423.4**	**705.9**	**504.4**	**493.4**	**-**	**-**	**75.0**	**407.7**	**2,609.8**
Financial liabilities									
Payables									
- Australian dollar	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**425.6**	**425.6**
- Euro	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**74.9**	**74.9**
- United States dollar	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**10.2**	**10.2**
Borrowings									
- Australian dollar *	**1,580.7**	**-**	**324.4**	**99.6**	**-**	**-**	**124.6**	**-**	**2,129.3**
- Euro	**2,065.8**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**2,065.8**
- United States dollar	**691.3**	**74.4**	**-**	**-**	**-**	**-**	**-**	**-**	**765.7**
- Danish Kroner	**27.9**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**27.9**
- Swedish Kroner	**6.3**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**6.3**
Derivative financial instruments	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**140.7**	**140.7**
Total financial liabilities	**4,372.0**	**74.4**	**324.4**	**99.6**	**-**	**-**	**124.6**	**651.4**	**5,646.4**
Interest rate swaps									
- Australian dollar	**(1,625.0)**	**250.0**	**150.0**	**375.0**	**200.0**	**50.0**	**600.0**	**-**	**-**
- Euro	**(1,918.2)**	**1,101.5**	**166.7**	**83.0**	**167.0**	**166.7**	**233.3**	**-**	**-**
- United States dollar	**(639.9)**	**(159.9)**	**228.5**	**228.5**	**57.2**	**91.4**	**194.2**	**-**	**-**
- Danish Kroner	**(27.9)**	**27.9**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total financial liabilities adjusted for interest rate swaps	**161.0**	**1,293.9**	**869.6**	**786.1**	**424.2**	**308.1**	**1,152.1**	**651.4**	**5,646.4**

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2007

31. Capital and financial risk management disclosures (continued)

(f) Interest rate risk (continued)

Consolidated entity

		Fixed interest maturing in							
31 December 2006	Floating interest rate	1 year or less	Over 1 year to 2 years	Over 2 to 3 years	Over 3 to 4 years	Over 4 to 5 years	Over 5 years	Non-interest bearing	Total
	$M	$M	$M	$M	$M	$M	$M	$M	$M
Financial assets									
Cash and cash equivalents									
- Australian dollar	50.2	-	-	-	-	-	-	-	50.2
- Euro	0.6	-	-	-	-	-	-	-	0.6
- United States dollar	8.0	-	-	-	-	-	-	-	8.0
Loans and Receivables									
- Australian dollar	23.7	16.4	12.8	-	-	-	-	109.3	162.2
- Euro	-	-	615.3	395.8	-	-	-	40.8	1,051.9
- United States dollar	-	-	79.8	94.7	-	-	83.7	7.0	265.2
Other assets									
- Australian dollar	-	-	-	-	-	-	-	0.7	0.7
Derivative financial assets	-	-	-	-	-	-	-	79.4	79.4
Total financial assets	82.5	16.4	707.9	490.5	-	-	83.7	237.2	1,618.2
Financial liabilities									
Payables									
- Australian dollar	-	-	-	-	-	-	-	228.2	228.2
Borrowings									
- Australian dollar *	2,032.7	-	-	323.2	99.4	-	124.5	-	2,579.8
- Euro	1,278.7	-	-	-	-	-	-	-	1,278.7
- United States dollar	433.2	-	-	-	-	-	-	-	433.2
Derivative financial libilities	-	-	-	-	-	-	-	25.5	25.5
Total financial liabilities	3,744.6	-	-	323.2	99.4	-	124.5	253.7	4,545.4
Interest rate swaps									
- Australian dollar	(1,650.0)	25.0	50.0	300.0	425.0	250.0	600.0	-	-
- Euro	(837.2)	167.5	184.2	167.4	83.7	167.4	67.0	-	-
- United States dollar	(266.2)	-	76.1	126.7	-	63.4	-	-	-
Total financial liabilities adjusted for interest rate swaps	991.2	192.5	310.3	917.3	608.1	480.8	791.5	253.7	4,545.4

* Shown net of fixed to floating swaps

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2007

31. Capital and financial risk management disclosures (continued)

(f) Interest rate risk (continued)

Parent entity

31 December 2007	Floating interest rate	Fixed interest maturing in: 1 year or less	Over 1 year to 2 years	Over 2 to 3 years	Over 3 to 4 years	Over 4 to 5 years	Over 5 years	Non-interest bearing	Total
	$M	$M	$M	$M	$M	$M	$M	$M	$M
Financial assets									
Cash and cash equivalents									
- Australian dollar	**267.1**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**267.1**
- Euro	**11.3**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**11.3**
- United States dollar	**13.7**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**13.7**
Loans and Receivables									
- Australian dollar	**242.7**	**-**	**-**		**-**	**-**	**-**	**64.9**	**307.6**
- Euro	**-**	**750.5**	**363.2**	**347.8**	**-**	**-**	**-**	**38.7**	**1,500.2**
Other assets									
- Australian dollar	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**4,248.7**	**4,248.7**
Derivative financial assets	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**141.8**	**141.8**
Total financial assets	**534.8**	**750.5**	**363.2**	**347.8**	**-**	**-**	**-**	**4,494.1**	**6,490.4**
Financial liabilities									
Payables									
- Australian dollar	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**412.6**	**412.6**
Borrowings									
- Australian dollar *	**1,506.4**	**-**	**324.4**	**99.6**	**-**	**-**	**124.6**	**-**	**2,055.0**
- Euro	**1,891.9**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**1,891.9**
- United States dollar	**588.9**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**588.9**
Derivative financial liabilities	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**140.2**	**140.2**
Total financial liabilities	**3,987.2**	**-**	**324.4**	**99.6**	**-**	**-**	**124.6**	**552.8**	**5,088.6**
Interest rate swaps									
- Australian dollar	**(1,625.0)**	**250.0**	**150.0**	**375.0**	**200.0**	**50.0**	**600.0**	**-**	**-**
- Euro	**(1,817.3)**	**1,000.6**	**166.7**	**83.0**	**167.0**	**166.7**	**233.3**	**-**	**-**
- United States dollar	**(639.9)**	**(159.9)**	**228.5**	**228.5**	**57.2**	**91.4**	**194.2**	**-**	**-**
Total financial liabilities adjusted for interest rate swaps	**(95.0)**	**1,090.7**	**869.6**	**786.1**	**424.2**	**308.1**	**1,152.1**	**552.8**	**5,088.6**

31 December 2006	Floating interest rate	Fixed interest maturing in: 1 year or less	Over 1 year to 2 years	Over 2 to 3 years	Over 3 to 4 years	Over 4 to 5 years	Over 5 years	Non-interest bearing	Total
	$M	$M	$M	$M	$M	$M	$M	$M	$M
Financial assets									
Cash and cash equivalents									
- Australian dollar	31.8	-	-	-	-	-	-	-	31.8
- Euro	0.6	-	-	-	-	-	-	-	0.6
- United States dollar	8.0	-	-	-	-	-	-	-	8.0
Loans and Receivables									
- Australian dollar	54.1	-	-	-	-	-	-	59.3	113.4
- Euro	-	-	615.4	395.7	-	-	-	-	1,011.1
Other assets									
- Australian dollar	-	-	-	-	-	-	-	4,913.4	4,913.4
Derivative financial assets	-	-	-	-	-	-	-	79.4	79.4
Total financial assets	94.5	-	615.4	395.7	-	-	-	5,052.1	6,157.7
Financial liabilities									
Payables									
- Australian dollar	-	-	-	-	-	-	-	32.3	32.3
Borrowings									
- Australian dollar *	1,977.3	-	-	323.2	99.4		124.5	-	2,524.4
- Euro	1,278.7	-	-	-	-	-	-	-	1,278.7
- United States dollar	433.2	-	-	-	-	-	-	-	433.2
Derivative financial libilities	-	-	-	-	-	-	-	25.5	25.5
Total financial liabilities	3,689.2	-	-	323.2	99.4	-	124.5	57.8	4,294.1
Interest rate swaps									
- Australian dollar	(1,650.0)	25.0	50.0	300.0	425.0	250.0	600.0	-	-
- Euro	(837.2)	167.5	184.2	167.4	83.7	167.4	67.0	-	-
- United States dollar	(266.2)	-	76.1	126.7	-	63.4	-	-	-
Total financial liabilities adjusted for interest rate swaps	935.8	192.5	310.3	917.3	608.1	480.8	791.5	57.8	4,294.1

* Shown net of fixed to floating swaps

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2007

31. Capital and financial risk management disclosures (continued)

(f) Interest rate risk (continued)

(ii) Interest rate risk contracts – loan receivables

The income and the associated operating cash flows of GPT's assets are substantially independent of changes in market interest rates. GPT's loans are primarily provided to investments in joint ventures and associates as a means of obtaining an underlying property exposure. Loans are at arms length fixed rates and reset every 3 years in the case of the joint venture arrangement with Babcock & Brown Limited, and reset every 10 years in the case of the joint venture arrangement with Benchmark. Loans are also provided to associates on a long term basis where all investors contribute to the associate in the same debt and equity ratio. Refer to note 7 for terms and interest rates.

GPT does not undertake any specific hedging of loan receivables except to monitor the loan outstanding to strategies in the underlying investment portfolio and the cash flow at risk as a result of interest rate fluctuations on scheduled interest rate resets for the next reporting period. The cash flow at risk in the consolidated entity for the next reporting period is $6.0 million (Dec 2006: $0.8 million). The parent entity's cash flow at risk is the same when taking into account the effect of its controlled entities, which impacts the distributions it receives. Refer to section (iv) for the assumptions used in calculating the cash flow at risk.

The following table depicts the principal of fixed rate loans in each currency and the weighted average interest rate of those contracts at 31 December each year.

Consolidated entity **31 December 2007**	**2007** **M**	**2008** **M**	**2009** **M**	**2010** **M**	**2011** **M**	**2012** **M**
Australian Dollar						
Loans and receivables	**29.1**	**29.1**	**29.1**	**29.1**	**-**	**-**
Average fixed rate	**10.1%**	**10.1%**	**10.1%**	**10.1%**	**0.0%**	**0.0%**
New Zealand Dollar						
Loans and receivables	**50.0**	**50.0**	**50.0**	**50.0**	**-**	**-**
Average fixed rate	**11.0%**	**11.0%**	**11.0%**	**11.0%**	**0.0%**	**0.0%**
Euro						
Loans and receivables	**797.1**	**422.9**	**205.1**	**-**	**-**	**-**
Average fixed rate	**6.2%**	**6.8%**	**7.0%**	**0.0%**	**0.0%**	**0.0%**
US Dollar						
Loans and receivables	**316.2**	**253.4**	**129.1**	**65.7**	**65.7**	**65.7**
Average fixed rate	**8.1%**	**8.2%**	**8.3%**	**9.0%**	**9.0%**	**9.0%**

31 December 2006	2006 M	2007 M	2008 M	2009 M	2010 M	2011 M
Australian Dollar						
Loans and receivables	12.8	12.8	12.8	-	-	-
Average fixed rate	9.1%	9.1%	9.1%	0.0%	0.0%	0.0%
Euro						
Loans and receivables	603.8	603.8	229.6	-	-	-
Average fixed rate	6.0%	6.0%	6.5%	0.0%	0.0%	0.0%
US Dollar						
Loans and receivables	203.4	203.4	140.6	65.7	65.7	65.7
Average fixed rate	8.3%	8.3%	8.5%	9.0%	9.0%	9.0%

Parent entity
The parent entity only holds the euro financial assets from the above table.

(iii) Interest rate risk contracts - borrowings

GPT's primary interest rate risk arises from long term borrowings. Borrowings issued at floating rates expose GPT to cash flow interest rate risk. Borrowings issued at fixed rates expose GPT to fair value interest rate risk.

GPT manages the cash flow effect of interest rate risk by entering into interest rate swap agreements that are used to convert floating interest rate borrowings to fixed interest rates. Such interest rate swaps are entered into with the objective of hedging the risk of interest rate fluctuations in respect of underlying borrowings. Under the interest rate swaps, GPT agrees with other parties to exchange, at specified intervals (mainly quarterly), the difference between fixed contract rates and floating rate interest amounts calculated by reference to the agreed notional principal amounts.

Under certain interest rate swaps the fixed contract rate is indexed by CPI. As at 31 December 2007 the notional amount of these swaps was $400.0 million (Dec 2006: $400.0 million). The CPI indexed cost of borrowings is a natural hedge against anticipated CPI indexed rental revenue. The CPI has been estimated in relation to these swaps in order to disclose underlying fixed interest rate exposure.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2007

31. Capital and financial risk management disclosures (continued)

(f) Interest rate risk (continued)

Occasionally, GPT also enters into interest rate swap agreements that are used to convert fixed interest rate swaps to floating. Such interest rate swaps are entered into to give GPT the flexibility to utilise existing hedge positions.

GPT also enters into barrier/trigger option swaps, such as knock-out swaps, caps and currency-linked swaps and sold interest rate options such as callable swaps and sold receiver swaptions, where it is comfortable with the worst case outcome on entering into these transactions on its total cost of borrowings, in return for a reduction in its cost of borrowings. GPT has recorded these interest rate derivatives on balance sheet at their fair value in accordance with AASB 139 *Financial Instruments: Recognition and Measurement*.

Under barrier/trigger option swaps, the payoff profile may vary during the instrument's life, depending on the level of a given reference rate (i.e. the "trigger"). The reference rate may be the same as the floating rate received by GPT; for example GPT agrees with other parties that no exchange will occur on an underlying interest rate swap if floating interest rates are above a trigger level on a specific roll date. However this is not always the case; for example in currency linked swaps the payoff profile is dependent on the level of a nominated currency pair.

Under a callable swap, GPT pays a known fixed rate for an agreed term at the start of the transaction (usually 3-6 months), thereafter, the counterparty has the right to cancel (or "call") the trade on any payment date at its discretion. Once called, the transaction is completely cancelled and ceases to exist. Under sold receiver swaptions, GPT has given other parties the right to but not the obligation, to enter into an interest rate swap at a specified price on a specified date whereby GPT agrees to pay fixed interest rates and receive floating interest rates on the notional amount of the contract.

Interest rate swap contracts have been recorded on Balance Sheet at their fair value in accordance with AASB 139 *Financial Instruments: Recognition and Measurement*. The AIFRS documentation, designation and effectiveness requirements cannot be met in all circumstances, as a result derivatives do not qualify for hedge accounting and are recorded at fair value through the income statement. Refer accounting policy at note 1(x).

The following table depicts the notional principal of interest rate swaps and the outstanding principal of fixed rate borrowings in their local currency and the weighted average interest rate of those contracts in each currency at 31 December each year.

Consolidated entity

31 December 2007	**2007 M**	**2008 M**	**2009 M**	**2010 M**	**2011 M**	**2012 M**
Australian Dollar						
Interest rate swaps	**1,625.0**	**1,375.0**	**1,225.0**	**850.0**	**650.0**	**600.0**
Borrowings	**550.0**	**550.0**	**225.0**	**125.0**	**125.0**	**125.0**
Total fixed	**2,175.0**	**1,925.0**	**1,450.0**	**975.0**	**775.0**	**725.0**
Average fixed rate	**6.0%**	**6.1%**	**6.3%**	**6.6%**	**7.1%**	**7.5%**
Euro						
Interest rate swaps	**1,150.9**	**490.0**	**390.0**	**340.0**	**240.0**	**140.0**
Borrowings	**-**	**-**	**-**	**-**	**-**	**-**
Total fixed	**1,150.9**	**490.0**	**390.0**	**340.0**	**240.0**	**140.0**
Average fixed rate	**4.2%**	**3.7%**	**3.6%**	**3.6%**	**3.7%**	**3.5%**
US Dollar						
Interest rate swaps	**560.0**	**700.0**	**500.0**	**300.0**	**250.0**	**170.0**
Borrowings	**72.0**	**-**	**-**	**-**	**-**	**-**
Total fixed	**632.0**	**700.0**	**500.0**	**300.0**	**250.0**	**170.0**
Average fixed rate	**4.9%**	**5.0%**	**5.1%**	**5.4%**	**5.3%**	**5.4%**
Danish Kroner						
Interest rate swaps	**124.5**	**-**	**-**	**-**	**-**	**-**
Borrowings	**-**	**-**	**-**	**-**	**-**	**-**
Total fixed	**124.5**	**-**	**-**	**-**	**-**	**-**
Average fixed rate	**5.5%**					

31 December 2006	2006 M	2007 M	2008 M	2009 M	2010 M	2011 M
Australian Dollar						
Interest rate swaps	1,650.0	1,625.0	1,575.0	1,275.0	850.0	600.0
Borrowings	700.0	550.0	550.0	225.0	125.0	125.0
Total fixed	2,350.0	2,175.0	2,125.0	1,500.0	975.0	725.0
Average fixed rate	5.8%	5.9%	6.0%	6.1%	6.5%	7.0%
Euro						
Interest rate swaps	500.0	400.0	290.0	190.0	140.0	40.0
Borrowings	-	-	-	-	-	-
Total fixed	500.0	400.0	290.0	190.0	140.0	40.0
Average fixed rate	3.4%	3.7%	3.6%	3.4%	3.2%	3.3%
US Dollar						
Interest rate swaps	210.0	210.0	150.0	50.0	50.0	-
Borrowings	-	-	-	-	-	-
Total fixed	210.0	210.0	150.0	50.0	50.0	-
Average fixed rate	5.0%	5.0%	4.5%	5.2%	5.2%	0.0%

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2007

31. Capital and financial risk management disclosures (continued)

(f) Interest rate risk (continued)

Parent entity
The parent entity holds the Australian Dollar, euro and US Dollar financial assets from the previous table with the exception of Euro €100.9 million in swaps and USD $72 million in borrowings for 2007 which exist in 2007 (Dec 2006: All balances held in the parent entity).

The table below summarises the weighted average interest rate of the outstanding principal of fixed and floating borrowings, including the impact of interest rate swaps, barrier/trigger option swaps and sold interest rate option contracts.

	Consolidated Entity		**Parent Entity**	
	2007	2006	**2007**	2006
	%	%	**%**	%
Australian Dollar	**6.04**	5.63	**6.04**	5.63
Euro	**4.24**	3.77	**4.14**	3.77
US Dollar	**5.01**	5.28	**4.73**	5.28
Danish Kroner	**5.48**	-	**-**	-
Swedish Kroner	**5.63**	-	**-**	-
Combined	**5.14**	5.04	**5.09**	5.04

At balance date, the fair value of interest rate swaps, barrier/trigger option swaps and sold interest rate option contracts were as disclosed in note 9. In the year ended 31 December 2007, the loss in the income statement from the increase in fair value of the net asset together with the net receipts received during the year is $33.6 million (Dec 2006: profit $80.2 million).

(iv) Cash flow at risk analysis
Under GPT's Treasury Risk Management Policy hedge balances in a 'market forecast' scenario must be in line with hedge parameters outlined in its policy. The policy also requires a 'cash flow at risk' sensitivity analysis be performed to test the impact of upwards and downwards movements in the market interest rates on GPT's hedge position (including the impact of any barrier/trigger option swaps and sold interest rate options) against forecast debt levels for a 5 year period and its annual profit forecast for a three year period. The policy requires that the result of the cash flow at risk sensitivity analysis must be within predetermined limits against forecast realised operating income at risk.

Under GPT's Policy, the parameters for assessing the impact of upward or downward movements in market rates is made by reference to the lower of the maximum upward/downward of the 3 month benchmark rate over a 6 month period or the maximum spread between the 3 month bills and 5 year swap rate each observed over a minimum 9 year period. This sensitivity was used as it provides a reasonable sensitivity given the level of debt and currency exposure the group has and the impact they have to group results and investor expectations. The sensitivity applied to the consolidated entity's hedge position over a three year period at 31 December 2007 was:

- AUD interest rates increase by 210 bps and decrease by 190 bps
- EUR, DKK and SEK interest rates increase by 140 bps and decease by 200 bps
- USD interest rates increase by 190 bps and decrease by 280 bps
- In the case of currency linked trigger swaps, AUD/EUR exchange rates moved up or down by 0.04

	Cash flow at risk	
	31 Dec 2007	31 Dec 2006
	$M	$M
Year 1	**20.8**	24.0
Year 2	**39.4**	32.3
Year 3	**37.0**	27.5

The parent entity's cash flow at risk is the same when taking into account the effect in its controlled entities, which impacts the distribution it receives.

(g) Foreign exchange risk
Foreign exchange risk refers to the risk that the value of a financial commitment, recognised asset or liability will fluctuate due to changes in foreign currency rates. GPT's foreign exchange risk arises primarily from:
- borrowings denominated in foreign currencies;
- firm commitments of highly probably forecast transactions for receipts and payments settled in foreign currencies or with prices dependent on foreign currencies; and
- investments in foreign operations.

GPT is exposed to foreign exchange risk arising from currency exposures to the Euro and US dollar.

(i) Foreign currency assets and liabilities
GPT manages its foreign exchange risk for its assets and liabilities denominated in foreign currency by borrowing in the same functional currency of its investment to form a natural economic hedge against any foreign currency fluctuations as well as using forward exchange contracts where funds were borrowed in local currency. GPT's policy is not to hedge unrealised fair value increases/decreases which may have occurred in its foreign currency assets.

For accounting purposes, net foreign operations and interests in the joint ventures and associates are revalued at the end of each reporting period with the fair value movement reflected in equity as a movement in the foreign currency translation reserve. The interests in joint ventures and associates are then equity accounted to reflect the underlying net assets of the entities with changes reflected in the income statement as share of after tax profits of equity accounted entities, refer accounting policy note 1(e)(iii).

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2007

31. Capital and financial risk management disclosures (continued)

(g) Foreign exchange risk (continued)
The loans to the joint ventures are revalued at the end of each reporting period with the fair value movement reflected in equity as a movement in the foreign currency translation reserve. Borrowings and forward exchange contracts are revalued at the end of each reporting period with the fair value movement reflected in the income statement as exchange gains or losses on foreign currency borrowings and net gains or losses on derivative financial instruments held at fair value respectively, refer accounting policy note 1(e)(ii).

The following table shows the Australian dollar equivalents of GPT's investments denominated in foreign currencies.

Consolidated entity

	Euros		United States Dollars		Danish Kroner		Swedish Kroner		New Zealand Dollars	
	2007	2006	**2007**	2006	**2007**	2006	**2007**	2006	**2007**	2006
	$M	$M	**$M**	$M	**$M**	$M	**$M**	$M	**$M**	$M
Assets										
Cash	**30.9**	0.6	**13.7**	8.0	**-**	-	**-**	-	**-**	-
Warehoused property	**252.7**	-	**108.2**	-	**27.9**	-	**8.5**	-	**-**	-
Interests in equity accounted investments	**366.5**	265.9	**276.2**	171.0	**-**	-	**-**	-	**7.8**	-
Loans and receivables	**1,463.2**	1,051.9	**391.5**	265.2	**-**	-	**-**	-	**43.7**	-
Other assets including goodwill	**124.7**	-	**-**	-	**-**	-	**-**	-	**-**	-
	2,238.0	1,318.4	**789.6**	444.2	**27.9**	-	**8.5**	-	**51.5**	-
Liabilities										
Borrowings	**2,065.8**	1,278.7	**765.7**	433.2	**27.9**	-	**6.3**	-	**-**	-
Other liabilities	**74.9**	-	**10.2**	-	**-**	-	**-**	-	**-**	-
Forward exchange contracts [1]	**34.6**	-	**-**	-	**-**	-	**-**	-	**51.8**	-
	2,175.3	1,278.7	**775.9**	433.2	**27.9**	-	**6.3**	-	**51.8**	-
Net assets/(liabilities)	**62.7**	39.7	**13.7**	11.0	**-**	-	**2.2**	-	**(0.3)**	-

Parent entity

	Euros		United States Dollars		Danish Kroner		Swedish Kroner		New Zealand Dollars	
	2007	2006	**2007**	2006	**2007**	2006	**2007**	2006	**2007**	2006
	$M	$M	**$M**	$M	**$M**	$M	**$M**	$M	**$M**	$M
Assets										
Cash	**11.3**	0.6	**13.7**	8.0	**-**	-	**-**	-	**-**	-
Loans and receivables	**1,500.2**	1,011.1	**-**	-	**-**	-	**-**	-	**-**	-
	1,511.5	1,011.7	**13.7**	8.0	**-**	-	**-**	-	**-**	-
Liabilities										
Borrowings	**1,891.9**	1,278.7	**588.9**	433.2	**-**	-	**-**	-	**-**	-
Forward exchange contracts [1]	**34.6**	-	**-**	-	**-**	-	**-**	-	**51.8**	-
	1,926.5	1,278.7	**588.9**	433.2	**-**	-	**-**	-	**51.8**	-
Net assets/(liabilities) [2]	**(415.0)**	(267.0)	**(575.2)**	(425.2)	**-**	-	**-**	-	**(51.8)**	-

1. GPT had entered into a forward exchange contract to hedge its euro and US dollar investment funded by Australian dollars as at 31 December 2007 for Euro €20.6 million and NZD $58.8 million (Dec 2006: nil). The forward exchange contract has since been replaced by euro and NZ dollars borrowings.

2. The foreign exchange exposure in the parent is higher than that consolidated entity as the parent entity has raised foreign currency borrowings and on lent these funds to the Company in Australian Dollars to fund its acquisitions of foreign operations and investments in joint ventures and associates.

(ii) Forward exchange contracts to hedge net foreign cash flows
GPT manages the foreign exchange risk of the cost of funding and income derived from its net foreign operations and investments in joint ventures and associates to have certainty over the Australian Dollars received once the euro and US Dollars are converted by entering into forward foreign exchange contracts and forward foreign exchange trigger contracts such as accumulating knock out contracts, knock in contracts and advantage contracts.

- A forward exchange contract obliges GPT to sell and the other party to buy a specific foreign currency at a specified price, amount and future date.
- Accumulating knock out contracts are similar to forward exchange contracts, but the transaction is permanently cancelled (i.e. knocked out) when the predetermined level of accumulation points is reached.
- Knock in contracts are as for forward exchange contracts but will only become an active transaction if the exchange rate reaches a pre agreed level.
- Advantage contracts are as for forward exchange contracts but the agreed exchange rate may vary if the currency trades at a certain level in a certain time frame.

Contracts are entered into based on forecast distributions from the entities for the ensuing financial years. The contracts are timed to mature at the end of each quarter when the distribution is expected to be received from the entities. Contracts are deferred where distributions are deferred to ensure contracts remain outstanding for the distributions outstanding.

The cash flows are expected to occur at various dates from the balance date to the period outlined below. At 31 December 2007, the details of outstanding contracts under a 'market scenario' are set out in the following table.

NOTES TO THE FINANCIAL STATEMENTS
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31. Capital and financial risk management disclosures (continued)

(g) Foreign exchange risk (continued)

Parent and Consolidated Entity

	Buy Australian Dollars		Sell euro		Average exchange rate	
	2007	2006	**2007**	2006	**2007**	2006
	$M	$M	**$M**	$M		
Maturity						
Less than 1 year	**74.8**	87.8	**41.4**	49.1	**0.5531**	0.5592
1 - 2 years	**90.5**	75.1	**50.5**	41.4	**0.5575**	0.5513
2 - 3 years	**77.0**	60.8	**43.3**	33.4	**0.5624**	0.5493
3 - 4 years	**58.3**	58.7	**32.6**	31.7	**0.5591**	0.5400
4 - 5 years	**41.4**	49.7	**22.8**	26.0	**0.5503**	0.5231
Over 5 years	**14.6**	53.5	**7.8**	27.2	**0.5360**	0.5084
Total	**356.6**	385.6	**198.4**	208.8		

	Buy Australian Dollars		Sell US Dollars		Average exchange rate	
	2007	2006	**2007**	2006	**2007**	2006
	$M	$M	**$M**	$M		
Maturity						
Less than 1 year	**5.9**	4.6	**4.3**	3.4	**0.7346**	0.7346
1 - 2 years	**6.7**	5.9	**4.9**	4.3	**0.7346**	0.7346
2 - 3 years	**7.2**	6.7	**5.3**	4.9	**0.7346**	0.7346
3 - 4 years	**3.7**	7.2	**2.7**	5.3	**0.7346**	0.7346
4 - 5 years	**-**	3.7	**-**	2.7		0.7346
Over 5 years	-	-	-	-		
Total	**23.5**	28.1	**17.2**	20.6		

At balance date fair value of forward exchange contracts for balance sheet and net cash flow hedging were an asset of $14.9 million (Dec 2006: $11.6 million) and a liability of $17.5 million (Dec 2006: $10.2 million). In the year ended 31 December 2007, the gain in the income statement from the increase in fair value of the net asset together with the net receipts received is $15.0 million (Dec 2006: receipt of $9.7 million).

(iii) Equity and cash flow at risk analysis

GPT monitors the impact of adverse or favourable movements in foreign exchange rates and the impact this may have on its capital management and cash flow. Adverse versus favourable movements are determined relative to the underlying exposure. An adverse movement in exchange rates implies an increase in our foreign currency risk exposure and a worsening of our financial position. A favourable movement in exchange rates implies a reduction in our foreign currency risk exposure and an improvement of our financial position.

Under GPT's treasury risk management policy net cash flow hedge balances in a 'market forecast' scenario must be in line with hedge parameters outlined in its policy. The policy also requires a 'cash flow at risk' sensitivity analysis be performed to test the impact of upwards and downwards movements in the market foreign exchange rates on GPT's net cash flow hedge position (including the impact of foreign exchange trigger contracts) against it's foreign net cash flow forecast for a three year period. The policy requires that the result of the sensitivity analysis must be within predetermined limits against forecast realised operating income.

Under GPT's Policy, the parameters for assessing the impact of upward or downward movements in market rates is made by reference to each foreign currency exchange rate's maximum move over a three month period. This sensitivity was used as it provides a reasonable sensitivity given the level of debt and currency exposure the group has and the impact they have to group results and investor expectations. The sensitivity applied to GPT's hedge position over a three year period at 31 December 2007 was:

- AUD/EUR exchange rate increased/decreased by 0.0400 euro cent
- AUD/USD exchange rate increased/decreased by 0.0700 United States cents
- AUD/NZD exchange rate increased/decreased by 0.1500 New Zealand cents

An increase/decrease in foreign exchange rates at 31 December 2007 would have decreased/increased the net assets of the consolidated entity by $5.3 million (Dec 2006: $3.6 million) and increased/decreased the net assets of the parent entity by $80.4 million (Dec 2006: $55.6 million).

The foreign exchange exposure in the parent is higher than that consolidated entity as the parent entity has raised foreign currency borrowings and on lent these funds to the Company in Australian Dollars to fund its acquisitions of foreign operations and investments in joint ventures and associates.

Had an increase/decrease in the foreign exchange rates occurred for the entire 2007 year the impact on the consolidated entity's realised operating income after considering the impact of net cash flow hedges would have resulted in a decrease/increase of $4.0 million (Dec 2006: $2.5 million). The impact on the parent entity's realised operating income after considering the impact of the net cash flow hedges would have resulted in a increase/decrease of $3.6 million (Dec 2006: $1.7 million).

This calculation is impacted by the timing of the cash receipts and payments, in particular the cash receipts from investments in joint ventures and associates. Whilst the net income hedges are in place the effect of these hedges is not reflected in realised operating income until the cash is received. The effect however of the deferral of the net income hedges to match the forecast cash flows is however reflected in fair value adjustments of the foreign exchange derivatives.

(h) Price risk

GPT and the parent entity are exposed to property derivatives and equity securities price risk. The key risk variable is the quoted price of property indexes and stocks, which is influenced by a range of factors, most of which are outside the control of GPT. As a result, the consolidated entity does not use financial instruments to manage the price risk exposure on property derivatives but instead regularly monitors levels of exposure and conducts sensitivity analysis for fluctuations in the property index/quoted securities prices on the these derivatives.

31. Capital and financial risk management disclosures (continued)

(h) Price risk (continued)
With regard to the property index/quoted securities volatility of 15%, the impact on net profit after income tax expense and equity of the consolidated entity and parent entity, with all other variables held constant, would have been an increase/decrease of $42.0 million (Dec 2006: $nil).

At balance date, the fair value of the property derivatives was as disclosed in note 9. In the year ended 31 December 2007, the gain in the income statement from the increase in fair value of the net asset together with the net payments during the financial year is $19.2 million (Dec 2006: $nil).

(i) Fair value
At 31 December 2007, the carrying amounts and fair values of financial assets and financial liabilities are:

	Note	Consolidated entity				Parent entity			
		Carrying Amount 2007 $M	**Fair Value 2007 $M**	Carrying Amount 2006 $M	Fair Value 2006 $M	**Carrying Amount 2007 $M**	**Fair Value 2007 $M**	Carrying Amount 2006 $M	Fair Value 2006 $M
Financial assets									
Cash and cash equivalents	28(b)	**350.3**	**350.3**	58.8	58.8	**292.1**	**292.1**	40.4	40.4
Loans and receivables (current)	7(a)	**271.2**	**271.2**	157.3	157.3	**359.6**	**359.6**	65.4	64.9
Loans and receivables (non-current)	7(b)	**1,841.3**	**1,835.6**	1,322.3	1,292.3	**1,448.2**	**1,436.9**	1,059.1	1,016.2
Derivative assets	9	**143.4**	**143.4**	79.4	79.4	**141.8**	**141.8**	79.4	79.4
Available for sale assets	13	**3.6**	**3.6**	0.7	0.7	**0.1**	**0.1**	-	-
Total financial assets		**2,609.8**	**2,604.1**	1,618.5	1,588.5	**2,241.8**	**2,230.5**	1,244.3	1,200.9
Financial liabilities									
Payables	16	**510.7**	**510.7**	228.2	228.2	**412.6**	**412.6**	32.3	32.3
Derivative liabilities	9	**140.7**	**140.7**	25.5	25.5	**140.2**	**140.2**	25.5	25.5
Borrowings									
- multi option facility	17(a)(i)	**50.0**	**50.0**	708.2	708.2	**50.0**	**50.0**	708.2	708.2
- multi option syndicated facility	17(a)(ii)	**2,480.8**	**2,488.9**	1,003.7	1,003.7	**2,480.8**	**2,488.9**	1,003.7	1,003.7
- short term bank loan	17(a)(iii)	**299.8**	**300.0**	-	-	**299.8**	**300.0**	-	-
- overdraft	17(a)(iv)	**7.8**	**7.8**	-	-	**-**	**-**	-	-
- bridge facilities	17(a)(v)	**102.4**	**103.4**	-	-	**-**	**-**	-	-
- bank facilities (secured)	17(a)	**349.0**	**356.6**	55.4	55.4	**-**	**-**	-	-
- short term notes	17(b)	**45.8**	**46.0**	566.5	566.5	**45.8**	**46.0**	566.5	566.5
- medium term notes	17(b)	**1,534.8**	**1,503.0**	1,833.4	1,837.6	**1,534.8**	**1,503.0**	1,833.4	1,837.6
- CPI coupon indexed bonds	17(c)	**124.6**	**144.2**	124.5	163.3	**124.6**	**144.2**	124.5	163.3
Total financial liabilities		**5,646.4**	**5,651.3**	4,545.4	4,588.4	**5,088.6**	**5,084.9**	4,294.1	4,337.1
Net financial liabilities		**(3,036.6)**	**(3,047.2)**	(2,926.9)	(2,999.9)	**(2,846.8)**	**(2,854.4)**	(3,049.8)	(3,136.2)
Unrealised Losses			**(10.6)**		(73.0)		**(7.6)**		(86.4)

The fair value of interest bearing borrowings (excluding medium term notes and CPI coupon indexed bonds) have been determined by adjusting for transaction costs. The fair value of medium term notes have been calculated by discounting the expected future cash flows by market swap rates applicable to relevant term of the note, adjusted for transaction costs. The discount rates applied range from 7.90% to 8.49%. The fair value of the CPI coupon indexed bonds have been calculated by discounting the cash flows by a rate derived by reference to a market swap rate of approximately 6.4% and with reference to the relevant Commonwealth Government indexed bond real yield and appropriate margins for liabilities with similar risk profiles.

The fair value of GPT's derivatives have been determined as follows:
- forward foreign exchange contracts – fair valued using quoted forward exchange rates at reporting date
- interest rate swaps - fair valued by discounting the present value of the estimated future cash flows based on the forward price curve of interest rates.
- Barrier/trigger option swaps and sold interest rate option contracts – are not traded and are calculated by discounting the present value of estimated future cash flows of the contracts based on the forward price curve of interest rates.
- Fair value of all derivative contracts have been confirmed with counterparties where the contract is not traded on an open market.

GPT executes all instruments at fair value and therefore has no significant day one gains or losses on any financial instruments.

Non-current loans and receivables are based on cash flows discounted at a rate reflecting current market rates adjusted for counterparty credit risk, where applicable. The carrying value of all other financial assets and liabilities approximate their fair values due to their short term nature.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2007

32. Auditors' Remuneration

During the financial year the following amounts were paid or payable for services provided by the auditor of the Trust or any other entity in the consolidated entity and its related parties:

	Consolidated entity		Parent entity	
	31 Dec 2007	31 Dec 2006	**31 Dec 2007**	31 Dec 2006
	$'000	$'000	**$'000**	$'000
Audit services				
PricewaterhouseCoopers Australian firm				
Audit and review of financial reports and other statutory audit work	**1,566.0**	1,541.4	**909.0**	1,086.9
Affiliates of PricewaterhouseCoopers Australian firm including overseas firms				
Audit and review of financial reports and other statutory audit work	**392.0**	51.9	**-**	-
Total remuneration for audit services	**1,958.0**	1,593.3	**909.0**	1,086.9
Other assurance services				
PricewaterhouseCoopers Australian firm				
Regulatory and contractually required audits	**94.8**	81.7	**87.6**	57.1
AIFRS accounting services	**-**	180.8	**-**	90.4
Accounting advice	**-**	130.9	**-**	65.4
Due diligence services	**160.0**	20.0	**45.0**	-
Other services	**11.0**	-	**-**	-
Affiliates of PricewaterhouseCoopers Australian firm including overseas firms				
Due diligence services	**-**	27.0	**-**	-
Total remuneration for other assurance services	**265.8**	440.4	**132.6**	212.9
Total remuneration for audit and assurance services	**2,223.8**	2,033.7	**1,041.6**	1,299.8
Non audit related services				
PricewaterhouseCoopers Australian firm				
Taxation services	**55.8**	83.9	**-**	-
Affiliates of PricewaterhouseCoopers Australian firm including overseas firms				
Taxation services	**39.1**	-	**-**	-
International tax due diligence relating to acquisition entries	**-**	13.6	**-**	-
Total remuneration for non audit related services	**94.9**	97.5	**-**	-
Total auditors' remuneration	**2,318.7**	2,131.2	**1,041.6**	1,299.8

33. Net Tangible Asset Backing

	Consolidated entity	
	31 Dec 2007	31 Dec 2006
	$	$
Net tangible asset backing per stapled security/unit	**3.86**	3.60

Net tangible asset backing per security is calculated by dividing the sum of net assets less intangible assets by the number of securities on issue in note 19.

34. Events subsequent to reporting date

Declaration of December quarter distribution
On 26 February 2008, a distribution of 7.3 cents per stapled security ($153.3 million) was declared for the quarter ended 31 December 2007 (refer to note 3(b)).

Directors' Declaration

For the year ended 31 December 2007

In the directors of the Responsible Entity's opinion:

(a) the financial statements and notes set out on pages 20 to 79 are in accordance with the *Corporations Act 2001*, including:
- complying with the Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
- giving a true and fair view of the Trust's and GPT Group's financial position as at 31 December 2007 and of their performance for the financial year ended on that date; and

(b) there are reasonable grounds to believe that the Trust will be able to pay its debts as and when they become due and payable; and

(c) the audited remuneration disclosures set out on pages 9 to 17 of the Directors' Report comply with Accounting Standards AASB 124 *Related Party Disclosures* and the Corporations Regulations 2001; and

The directors have been given the declarations by the chief executive officer and chief financial officer required by Section 295A of the *Corporations Act 2001*.

This declaration is made in accordance with the resolution of the directors.

Peter Joseph
Chairman

Nic Lyons
Executive Director

GPT RE Limited

Sydney
26 February 2008

PRICEWATERHOUSECOOPERS

PricewaterhouseCoopers
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Independent auditor's report to the unitholders of General Property Trust

Report on the financial report and the AASB 124 remuneration disclosures contained in the directors' report

We have audited the accompanying financial report of General Property Trust (the Trust), which comprises the balance sheet as at 31 December 2007, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration for both General Property Trust and the GPT Group (the consolidated entity). The consolidated entity comprises the Trust and the entities it controlled at the year's end or from time to time during the financial year, including GPT Management Holdings Limited and its controlled entities.

We have also audited the remuneration disclosures contained in the directors' report. As permitted by the *Corporations Regulations 2001*, the consolidated entity has disclosed information about the remuneration of directors and executives ("remuneration disclosures"), required by Accounting Standard AASB 124 *Related Party Disclosures*, under the heading "remuneration report" in pages 9 to 17 of the directors' report and not in the financial report.

Directors' responsibility for the financial report and the AASB 124 remuneration disclosures contained in the directors' report

The directors of GPT RE Limited (the Responsible Entity) are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

The directors are also responsible for the remuneration disclosures contained in the directors' report.

Liability limited by a scheme approved under Professional Standards Legislation

PRICEWATERHOUSECOOPERS

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement. Our responsibility is to also express an opinion on the remuneration disclosures contained in the directors' report based on our audit.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report and the remuneration disclosures contained in the directors' report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report and the remuneration disclosures contained in the directors' report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report and the remuneration disclosures contained in the directors' report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report and the remuneration disclosures contained in the directors' report.

Our procedures include reading the other information in the Annual Report to determine whether it contains any material inconsistencies with the financial report.

For further explanation of an audit, visit our website http://www.pwc.com/au/financialstatementaudit.

Our audit did not involve an analysis of the prudence of business decisions made by directors or management.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Matters relating to the electronic presentation of the audited financial report

This audit report relates to the financial report and remuneration disclosures of the Trust and the GPT Group for the financial year ended 31 December 2007 included on the GPT Group web site. The directors are responsible for the integrity of the GPT Group web site. We have not been engaged to report on the integrity of this web site. The audit report refers only to the financial report and remuneration disclosures identified above. It does not provide an opinion on any other information which may have been hyperlinked to/from the financial report or remuneration disclosures. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited financial report and remuneration disclosures to confirm the information included in the audited financial report and remuneration disclosures presented on this web site.

PRICEWATERHOUSECOOPERS

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

Auditor's opinion on the financial report

In our opinion:

(a) the financial report of the General Property Trust is in accordance with the *Corporations Act 2001*, including:

  (i) giving a true and fair view of the Trust's and consolidated entity's financial position as at 31 December 2007 and of their performance for the year ended on that date; and

  (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and

(b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Auditor's opinion on the AASB 124 remuneration disclosures contained in the directors' report

In our opinion, the remuneration disclosures that are contained in pages 9 to 17 of the directors' report comply with Accounting Standard AASB 124.

PricewaterhouseCoopers

DH Armstrong
Partner

SJ Hadfield
Partner

Sydney
26 February 2008

The GPT Group

Appendix 4E
Preliminary Final Report

GPT Group
(comprising General Property Trust and its controlled entities and GPT Management Holdings Limited and its controlled entities)
for the year ended 31 December 2007

1.1 Results for announcement to the market
(all comparisons to year ended 31 December 2007)

	AUD $million	up/down	% movement
Total revenues and other income	1,847.1	- 10.6%	down
Net profit before income tax expense	1,191.1	-14.0%	down
Net profit after income tax expense attributable to unitholders of the Trust	1,203.7	-11.7%	down

Refer to the attached announcement for a detailed commentary on the performance of the GPT Group's results for the year ended 31 December 2007.

The Appendix 4E should be read in conjunction with the annual financial report

1.2 Distributions

Total distributions paid/payable to stapled securityholders for the financial year ended 31 December 2007 totalled $597.0 million (December 2006: $559.8 million). This represented an annual distribution of 28.9 cents (December 2006: 27.5 cents). Included within this annual distribution is the distribution of 7.3 cents per stapled security in respect of the quarter ended 31 December 2007 which was declared on 26 February 2007 (December 2006: 7.0 cents). This distribution is payable on 28 March 2008. The record date for determining entitlements to the December quarter distribution is 7 March 2008.

Details of the individual and total distributions are set out in note 3 to the final statements.

Dividend Reinvestment Plan
The GPT Group also introduced a Distribution Reinvestment Plan (DRP) to eligible securityholders in March 2007. Further details are set out in note 19(a)(i) and (ii) to the financial statements.

The DRP will apply to the December 2007 quarterly distribution and the last date for the receipt of an election notice for participation in the DRP is by 5pm (Sydney, Australia time) on 7 March 2008.

1.3 Net tangible asset per stapled security

	Dec 2007 $	Dec 2006 $
Net tangible asset backing per stapled security	3.86	3.60

The GPT Group

1.4 Entities over which control has been gained or lost during the year

During the financial year ended 31 December 2007, the GPT Group acquired Halverton Real Estate Investment Management Limited and its controlled entities (Halverton), Hamburg Trust Grundvermogen und Anlage GmbH and its controlled entities (Hamburg Trust) and the H20 Fundco SARL. Further details relating to these significant acquisitions and their contribution to the GPT Group's net profit, are set out in note 23 to the financial statements.

Details of the entities over which the GPT Group has gained or lost control of during the year are set out in notes 24 and 22 to the final statements respectively.

1.5 Associates and joint ventures

Details of names and ownership percentage of the GPT Group's associates and joint ventures are set out in note 12(a)(i) and (ii) to the final statements.

The associate and joint ventures' whose contribution to the GPT Group's net profit as at 31 December 2007 is considered most significant to understanding the financial statements are detailed below:

Name of associate or joint venture entity	Contribution to GPT Group's net profit/(loss)
	$M
Joint Ventures	
Entities incorporated in Australia	
1 Farrer Place Trust	101.0
2 Park Street Trust	65.3
Associates	
Entities incorporated in Australia	
GPT Wholesale Office Fund	218.4

The GPT Group

Compliance Statement

1. This report has been prepared in accordance with Australian Equivalents to IFRS (AIFRS), AASB Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Consensus Views and other standards acceptable to the ASX.

2. This report and the accounts upon which the report is based use the same accounting policies.

3. This report does give a true and fair view of the matters disclosed.

4. This report is based on accounts to which one of the following applies.

   ☑ The accounts have been audited.

   ☐ The accounts are in the process of being audited or subject to review.

   ☐ The accounts have been subject to review.

   ☐ The accounts have not yet been audited or reviewed.

5. This entity does have a formally constituted audit committee.

James Coyne
Company Secretary

27 February 2008

GPT Management Holdings Limited
ABN: 67 113 510 188

Annual Financial Report
31 December 2007

This financial report covers both GPT Management Holdings Limited as an individual entity and the consolidated entity consisting of GPT Management Holdings Limited and its controlled entities. The financial report is presented in Australian currency.

GPT Management Holdings Limited (Company) is a company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is Level 52, MLC Centre, 19 Martin Place, Sydney NSW 2000.

Through our internet site, we have ensured that our corporate reporting is timely, complete and available globally at minimum cost to the Company. All press releases, financial reports and other information are available on our website: www.gpt.com.au.

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DIRECTORS' REPORT

For the year ended 31 December 2007

The Directors of GPT Management Holdings Limited (the Company) present their report on the consolidated entity consisting of GPT Management Holdings Limited and its controlled entities for the year ended 31 December 2007. The consolidated entity forms part of the stapled entity, the GPT Group (GPT).

1. OPERATIONS AND ACTIVITIES

1.1 Principal Activities

GPT Management Holdings Limited is a company limited by shares, incorporated and domiciled in Australia. The registered office and principal place of business is MLC Centre, Level 52, 19 Martin Place, Sydney NSW 2000.

The principal activities of GPT Management Holdings Limited remain unchanged from 31 December 2006 and are:

- investment in income producing retail, commercial, industrial, office parks, residential and senior housing properties
- development of commercial properties
- management and administration of the General Property Trust
- property management
- funds management and
- hotel management.

There were no significant changes in the nature of the activities during the financial year and the Company continues to operate in Australia, Europe and the United States of America.

1.2 Review of Operations

The net profit/(loss) of the Company for the financial year ended 31 December 2007 should be read in conjunction with the financial statements of the GPT Group.

	Consolidated entity	
	31 Dec 2007	31 Dec 2006
	$'000	$'000
Profit / (loss) before income tax expense	**(14,145)**	21,596
Income tax expense	**(7,075)**	(159)
Net profit / (loss) for the financial year	**(21,220)**	21,437

(a) Funds management portfolio

Australian platform

GPT's Australian Funds Management business was expanded with additional acquisitions undertaken in the GPT Wholesale Office Fund and the establishment of the GPT Wholesale Shopping Centre Fund in March 2007.

The GPT Wholesale Office Fund acquired three additional assets, and secured further growth with an agreement to acquire workplace[6], a development being undertaken by GPT in Sydney. The fund now owns a $3.1 billion portfolio of office assets and delivered significant outperformance for investors in 2007.

On 30 March 2007, GPT established the GPT Wholesale Shopping Centre Fund. The Fund, which was launched with a $1.9 billion portfolio of retail assets, was expanded in 2007 with the acquisition of the Berkelouw Complex in Sydney. At 31 December 2007, the Fund's Portfolio had a value of $2.2 billion.

European platform

In line with the GPT's strategy, the following acquisitions during the financial year provide GPT, including the Company, with a highly scaleable platform in Europe to build both asset management and funds management opportunities:

(i) Acquisition of Halverton Real Estate Investment Management Limited

GPT Management Holdings Limited acquired 100% of the issued capital of Halverton Real Estate Investment Management Limited and its controlled entities (Halverton) for cash consideration of Euro €53,137,584 (AUD$84,928,868) in two separate tranches, as detailed below:

1. in June 2007, Halverton management, who own 50% of Halverton's share capital, agreed to sell their shares to GPT UK Limited. The acquisition was completed on 10 July 2007. The purchase consideration for ordinary equity was Euro €32,621,700 (AUD $51,707,845) and an additional cash injection of euro €5,000,000 (AUD $7,925,186), and
2. BGP (UK) Investments Limited owned the remaining 50% of Halverton shares. BGP (UK) Investments Limited was 50% owned by GPT International Pty Limited, a wholly owned entity of GPT. GPT UK Limited acquired the remaining 50% interest in BGP (UK) Investments Limited on 29 November 2007 for euro €15,515,884 (AUD $25,295,837).

Halverton, which has been rebranded as GPT Halverton, is a pan European investment and asset management company employing 125 people and operating in the United Kingdom, France, The Netherlands, Germany, Sweden and Denmark. It has assets under management of over Euro €1.3 billion (AUD$2.2 billion). The entities acquired are set out in note 24.

(ii) Acquisition of Hamburg Trust

On 3 July 2007, GPT International Pty Limited acquired 60% of the ordinary shares of Hamburg Trust Grundvermogen und Anlage GmbH and its controlled entities (Hamburg Trust) from BGP Investments SARL, an entity owned 50% by the Company through the joint venture arrangement with Babcock & Brown, for cash consideration of euro €300,000 (AUD $477,403).

GPT acquired a further 20% interest in Hamburg Trust on 9 November 2007 bringing GPT's ownership interest to 80%.

The Hamburg Trust is a start up German closed-end funds management business which employs 15 people and undertakes property, asset and investment management activities.

1.2 Review of Operations (continued)

(b) Property Management
The property management division made a loss of $2,083,367 (2006: $23,180,759). The 2006 and 2007 results were significantly impacted by a $21,200,000 and $1,485,000 impairment of the consolidated entity's management rights acquired for Highpoint Shopping Centre and Norton Street Plaza.

(c) Developments
On 18 December 2007, GPT Development Pty Limited entered into an agreement with a related party to sell the site known as Workplace6 and received a first instalment by way of consideration. The agreement is conditional on GPT Development Pty Limited developing Workplace6 to practical completion, at which point the related party has been provided with a call option on the long term lease of the site at practical completion. The second instalment and associated costs of approximately $82,200,000 is conditional on GPT Development Pty Limited achieving practical completion. If practical completion is not achieved on the building, the deposit will be reimbursed.

(d) Capital Management
The Company introduced the Distribution Reinvestment Plan (DRP) in March 2007. The DRP first applied to the March 2007 quarterly distribution, which was paid on 25 May 2007, and has subsequently been applied to the June and September quarterly distributions. The DRP will also apply to the December 2007 quarterly distribution.

Under the terms of the DRP, eligible securityholders are able to elect to reinvest all or part of their quarterly distribution in additional stapled securities, free of any brokerage or other transaction costs, rather than being paid in cash. Securities are issued and/or transferred at a predetermined price, less any discount that the Directors may elect to apply from time to time. The DRP issue price is based on the arithmetic average of the daily volume weighted average price of GPT Group stapled securities traded on the Australian Securities Exchange for the ten business days preceding the relevant quarterly distribution record date, adjusted to an ex-dividend rate, less a 1.5% discount rounded to the nearest cent.

The Company also entered into an underwriting agreement on 17 October 2007. Under this agreement, the Company has the option to elect before each quarterly distribution payment whether to have that distribution underwritten. The terms of this agreement provide that the underwriter fully underwrites distribution payments from October 2007 in exchange for GPT stapled securities of the securityholders who had not elected to participate in the DRP. The stapled securities are to be issued at the same price as securities issued under the DRP to other GPT securityholders.

At 31 December 2007, 22,219,109 new stapled securities relating to the distribution for the September 2007 quarter were issued under the underwriting agreement. The March 2007 and June 2007 quarter DRPs were not underwritten.

Treasury policy
GPT has a treasury function responsible for managing GPT's financing, currency and interest rate risks. The treasury division operates within policies set by the Treasury Risk Management Committee which reports to the Audit and Risk Management Committee. The Treasury Risk Management Committee is directly responsible for ensuring management's actions are in line with GPT policy.

1.3 Dividends
The Directors have not declared any dividends for the financial year (2006: nil).

1.4 Significant Changes in State of Affairs
In the opinion of the Directors, there were no significant changes in the state of the affairs of the Company during the financial year.

1.5 Likely Developments and Expected Results of Operations
In the opinion of the Directors, disclosure of any further information would be likely to result in unreasonable prejudice to the Company.

1.6 Environmental Regulation
The Company has policies and procedures in place that are designed to ensure that where operations are subject to any particular and significant environmental regulation under a law of Australia (for example property development and property management), those obligations are identified and appropriate addressed. This includes obtaining and complying with conditions of relevant authority consents and approvals and obtaining necessary licences. The Company is not aware of any breaches of any environmental regulations under the laws of the Commonwealth of Australia or of a State or Territory of Australia and has not incurred any significant liabilities under any such environmental legislation.

The Company complied with the Energy Efficiency Opportunities program relevant for 2007 and has submitted an Assessment and Reporting Schedule within the legislative deadline of 31 December 2007. During 2008, the Company will undertake assessments for relevant sites across its Australian divisions of Retail, Office and Hotel & Tourism.

1.7 Events Subsequent to Reporting Date
The Directors are not aware of any matter or circumstance occurring since 31 December 2007 that has significantly or may significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company in subsequent financial years.

DIRECTORS' REPORT

For the year ended 31 December 2007

DIRECTORS AND SECRETARY

2.1 Directors

The Directors of GPT Management Holdings Limited at any time during or since the end of the financial year are:

(i) Chairman - Non-Executive Director

Peter Joseph

(ii) Non-Executive Directors

Eric Goodwin
Malcolm Latham
Ian Martin
Anne McDonald
Ken Moss
Elizabeth Nosworthy

(iii) Executive Director

Nic Lyons

2.2 Information on Directors

Peter Joseph OAM - Chairman

Mr Joseph was appointed to the Board on 30 April 2003. Mr Joseph is a career investment banker and an experienced company director who had a close involvement with the BT Financial Group for over 30 years. Mr Joseph was a Director of the responsible entities of a number of BT funds including some of the BT property trusts. Mr Joseph was also a Director of the Peter Kurts Properties Group for 12 years. Mr Joseph is currently the Chairman of Dominion Mining Limited. Mr Joseph is also Chairman of the St James Ethics Centre and the Black Dog Institute and, until September 2004, was the Chairman of the St Vincent's and Mater Hospitals in Sydney. In 2000, Mr Joseph was awarded a Medal in the Order of Australia. Mr Joseph holds a Bachelor of Commerce degree and a Masters degree in Business Administration. Mr Joseph is a fellow of the Australian Institute of Company Directors. Mr Joseph is a member of the Nomination and Remuneration Committee.

Nic Lyons - Chief Executive Officer & Managing Director

Mr Lyons was appointed CEO of GPT in October 2000 and has more than 25 years experience in the property and property funds management industries in Australia and overseas. His long career in the property industry has included roles with entities such as ING, where he was General Manager of Listed Property Trusts, and Lend Lease Real Estate Investments where he was CEO – Real Estate Investments. Mr Lyons is National President of the Property Council of Australia.

Eric Goodwin

Mr Goodwin was appointed to the Board on 21 November 2004. Mr Goodwin is a Non-Executive Director of Eureka Funds Management Limited, Lend Lease Global Properties SICAF and AMPCI Macquarie Infrastructure Management No 2 Limited (responsible entity of Diversified Utility and Energy Trust No. 2). Mr Goodwin joined Lend Lease in 1963 as a cadet engineer and during his 42 year career with Lend Lease held a number of senior executive and subsidiary board positions in the Australian operation, the US and he was the inaugural manager of the group's Asian operations. Mr Goodwin has experience in design construction and project management, general management and funds management. His experience includes fund management of the MLC Property Portfolio during the 1980s and he was the founding Fund Manager of the Australian Prime Property Fund. Mr Goodwin is a member of the Audit and Risk Management Committee and Corporate Responsibility Committee.

Malcolm Latham AM

Mr Latham was appointed to the Board on 21 January 1992 and is currently a director of the Hornery Institute which works throughout Australia. The Institute partners with developers, communities and their governments to enhance the quality of life and the places, in which people live, learn, work and play. Prior to this Mr Latham was Chairman of the South Sydney Development Corporation and Chairman of a joint venture for the redevelopment of the Auckland Harbour waterfront. He has extensive international experience in urban planning and development. Mr Latham holds degrees in Architecture and Urban Planning and was awarded the Order of Australia in 1990 for his work as Executive Chairman of the National Capital Development Commission, Canberra. Prior to joining the GPT Board, Mr Latham was a senior executive in Lend Lease Corporation. Mr Latham chairs the Corporate Responsibility Committee and is a member of the Nomination and Remuneration Committee.

Ian Martin

Mr Martin was appointed to the Board on 2 June 2005. Mr Martin is currently a Non-Executive Director of Babcock & Brown Limited, Argo Investments Limited and St Vincent's and Mater Health Sydney Limited. Mr Martin is a former Chief Executive Officer of the BT Financial Group and Global Head of Investment Management and Member of the Management Committee of Bankers Trust Corporation. Mr Martin spent eight years as an economist with the Australian Treasury, Canberra, and was the inaugural Chairman of the Investment and Financial Services Association. Mr Martin is Chair of the Nomination and Remuneration Committee.

Anne McDonald

Ms McDonald was appointed to the Board on 2 August 2006. Ms McDonald is currently a Non-Executive Director of Speciality Fashion Group Limited, Westpac's Life and General Insurance companies, Health Super and Sisters of Charity Health Services. Ms McDonald is a chartered accountant and was previously a partner of Ernst & Young for fifteen years specialising as a company auditor and advising multinational and Australian companies on transaction due diligence, risk management and accounting issues. Ms McDonald was a Board Member of Ernst & Young Australia for seven years and a previous Director of the Private Health Insurance Administration Council and St Vincent's and Mater Health Sydney Limited. Ms McDonald is Chair of the Audit and Risk Management Committee.

Ken Moss

Dr Moss was appointed to the Board on 7 August 2000. Dr Moss is a Director of Macquarie Capital Alliance Group, Chairman of Boral Limited and Centennial Coal Company Limited and is a board member of the Australian Brandenburg Orchestra. Prior to August 2000, Dr Moss was Managing Director of Howard Smith Limited. Dr Moss is a member of the Audit and Risk Management Committee.

DIRECTORS' REPORT

For the year ended 31 December 2007

2.2 Information on Directors (continued)

Elizabeth Nosworthy AO

Ms Nosworthy was appointed to the Board on 18 March 1998 and is currently Deputy Chairman of Babcock & Brown Limited and the Chairman of Commander Communications Limited and Queensland Water Commission. Ms Nosworthy is a Director of Ventracor Limited and is an Adjunct Professor of Law at the University of Queensland. Previously, Ms Nosworthy was a commercial partner in a national law firm where she specialised in financing work including infrastructure financing. Ms Nosworthy is a Fellow of the Australian Institute of Company Directors and has held a wide range of directorships in both the private and the public sectors. Ms Nosworthy is a member of the Corporate Responsibility Committee.

Company Secretary - James Coyne

Mr Coyne is responsible for the legal, compliance, risk management and company secretarial activities of GPT. He was appointed the General Counsel/Company Secretary of GPT in 2004. Previous experience includes company secretarial and legal roles in construction, infrastructure and the real estate funds management industry (listed and wholesale). Mr Coyne holds a Bachelor of Arts and Bachelor of Law (Hons) from the University of Sydney.

2.3 Attendance of Directors at Board Meetings and Board Committee meetings

The number of Board meetings, including meetings of Board Committees, held during the financial year and the number of those meetings attended by each Director is set out below:

	Board	
	Meetings Held	Meetings Attended
Peter Joseph	13	11
Eric Goodwin	13	13
Malcolm Latham	13	11
Nic Lyons	13	13
Ian Martin *	11	11
Anne McDonald	13	13
Ken Moss	13	11
Elizabeth Nosworthy *	11	11

* I. Martin and E.Nosworthy were not invited to two meetings of the Board pursuant to the Company's policies with respect to conflict.

2.4 Directors' Relevant Interests

The relevant interests of each Director in GPT stapled securities as at the date of this Report are shown below:

	Number of GPT Stapled Securities
Peter Joseph	50,000
Eric Goodwin	11,775
Malcolm Latham	13,195
Nic Lyons	1,169,115
Ian Martin	51,241
Anne McDonald	10,500
Ken Moss	26,241
Elizabeth Nosworthy	6,537

2.5 Directors' Directorships of Other Listed Companies

Details of all directorships of other listed entities held by each Director during the three years preceding 31 December 2007 and the period for which each directorship has been held are set out below.

Director	Directorship of Listed Entity	Period held
Peter Joseph	Dominion Mining Limited	1980 to present
Eric Goodwin	Nil	NA
Malcolm Latham	Nil	NA
Nic Lyons	Nil	NA
Ian Martin	Babcock & Brown Limited	2004 to present
	Argo Investments Limited	2004 to present
Anne McDonald	Speciality Fashion Group Limited	2007 to present
Ken Moss	Macquarie Capital Alliance Group (comprising Macquarie Capital Alliance Limited, Macquarie Capital Alliance Management Limited and Macquarie Capital Alliance Bermuda Limited)	2005 to present
	Boral Limited	1999 to present
	Centennial Coal Company Limited	2000 to present
	National Australia Bank Limited	2000 to 2004
	Adsteam Marine Limited	2001 to 2007
Elizabeth Nosworthy	Babcock & Brown Limited	2004 to present
	Commander Communications Limited	2003 to present
	Stanwell Corporation Limited	2001 to 2006
	Ventracor Limited	2002 to present
	Prime Infrastucture Management Limited	2002 to 2004

3. REMUNERATION REPORT

This report outlines GPT's remuneration philosophy and practices together with details of the specific remuneration arrangements that apply to Directors, key management personnel as defined in AASB 124 *Related Party Disclosures* and to the five named executives as defined in section 300A of the *Corporations Act 2001* (collectively 'Senior Executives').

3.1 The Nomination and Remuneration Committee
The GPT Board established a Nomination and Remuneration Committee to, inter alia, review and make recommendations to the Board on:

- remuneration policies (including performance management and short and long term incentive schemes) applicable to GPT employees
- the Chief Executive Officer's performance and remuneration
- remuneration policies and packages applicable to Board members.

The Nomination & Remuneration Committee consists of three Non-Executive Directors:

- Ian Martin (Chairman)
- Peter Joseph
- Malcolm Latham

Further information about the role and responsibility of the Nomination and Remuneration Committee is set out in its Charter which is available on GPT's website (www.gpt.com.au)

The Chief Executive Officer reviews the performance and remuneration of Senior Executives and makes recommendations on these to the Nomination and Remuneration Committee. The Chief Executive Officer's recommendations recognise the differing experience, responsibilities, skills and contributions of executives as well as other market influences that may affect their total remuneration packages. If endorsed by the Nomination and Remuneration Committee, total remuneration packages for these executives are recommended to the Board for approval.

3.2 Remuneration – Senior Executives

GPT's Remuneration Philosophy
GPT's remuneration philosophy is focussed on the objective of achieving outstanding business performance by creating clear and direct links between the individual executive's performance and their Total Remuneration and the business performance of GPT. This is achieved by a combination of:

- research of remuneration market practices and benchmarks in the countries in which GPT has employees
- a mixture of both fixed and variable or 'at risk' pay, with both short and long term incentive components driven off challenging financial and non-financial key performance indicators (KPI's)
- a rigorous performance management system which clearly establishes GPT's expectations of employees and the potential rewards of superior performance, and
- the use of GPT stapled securities to create an ownership culture and create direct alignment of executive and securityholder interests.

GPT's Remuneration Strategy
In designing GPT's remuneration strategy and policies, the Board has sought to achieve an approach which:

- is transparent
- is fair and market competitive
- satisfies the interests of all stakeholders by aligning executive remuneration with the achievement of strategic objectives – including the achievement of superior returns for stapled securityholders
- attracts, aligns, retains and motivates superior talent at all levels by adequately rewarding contribution to value creation and the execution of GPT's business strategy.

Total Remuneration Package Composition
GPT aims to pay market competitive Total Remuneration packages comprising:

- Base Salary (fixed) – this is generally positioned around market median against comparable LPT sector peers on the basis of annual benchmarking. Base salaries are reviewed annually, although they may also be reviewed when there is a significant change in an employee's responsibilities, for example, in the case of a promotion.

- Short Term Incentives (STIs) (variable) – GPT provides opportunities for executives to receive short-term incentive awards on an annual basis. STI opportunities are expressed as a percentage of Base Salary and are determined by calendar year performance against agreed financial and non-financial (KPI's).

- Long Term Incentives – (LTIs) (variable) – GPT executives may receive LTI awards if the GPT Group performance meets certain financial KPIs measured over three years.

Individuals may receive Total Remuneration (i.e. Base salary plus STI plus LTI) in the top quartile of the market in a particular year only if various financial and non-financial KPIs are achieved.

For the Chief Executive Officer and other key management personnel the variable or 'at risk' components of Total Remuneration are greater than at other levels of the business. The percentage mix of fixed and variable components of Total Remuneration for the Chief Executive Officer and other Senior Executives is disclosed in Table A.

3. Remuneration Report (continued)

Table A – Fixed and variable components of Total Remuneration

Senior Executives	Position	Base Salary (fixed)	Variable or "At Risk" Remuneration[1] STI	LTI
Nic Lyons	Chief Executive Officer	**22.0%**	**35.0%**	**43.0%**
Michael O'Brien	Chief Operating Officer	**25.0%**	**37.5%**	**37.5%**
Kieran Pryke	Chief Financial Officer	**34.0%**	**33.0%**	**33.0%**
Neil Tobin	General Manager - Joint Venture	**34.0%**	**33.0%**	**33.0%**
Jonathan Johnstone	Head of Europe	**31.0%**	**38.0%**	**31.0%**
Mark Fookes	Head of Retail	**34.0%**	**33.0%**	**33.0%**
Nicholas Harris	Head of Wholesale	**29.0%**	**42.0%**	**29.0%**
James Coyne	General Counsel/Secretary	**38.0%**	**31.0%**	**31.0%**

[1] The percentage of each component of total remuneration is calculated with reference to stretch performance outcomes (ie the theoretical maximum possible remuneration the individual can achieve) in both STI and LTI – for more information on performance measurement levels see the following sections on short and long term incentives.

External Benchmarking of Total Remuneration
To set appropriate Total Remuneration opportunities for GPT executives the Nomination and Remuneration Committee commissions annual benchmarking by an external expert. The benchmarking considers comparable roles in GPT's competitors & peers both in the LPT sector and the broader ASX 200, with the greatest weighting being applied to LPT sector based comparisons. The Nomination and Remuneration Committee and the Chief Executive Officer may also draw on information available in published job matched surveys of industry peers.

GPT's Performance Management System and Short Term Incentives (STI) (variable component)
A uniform performance management system is used across the GPT Group which provides all employees with clear financial and personal performance objectives and drives STIs on annual basis.

Although the performance criteria may be different for each executive, the principles are similar and involve assessment of performance across the following areas:
- financial (in relation to GPT Group financial performance, GPT Group Corporate Responsibility objectives*, and the individual's fund/portfolio/business unit) - achievement of earnings, return on equity and other relevant financial targets
- personal - achievement of personal objectives related to specific non-financial business targets such as achieving strategic outcomes, operational improvement, performance enhancement and personal and staff development
- values - achievement of performance consistent with the GPT Values ingrained as part of the GPT Group culture. Failure to perform consistently with Group Values may remove eligibility for STIs.

To ensure that the appropriate performance objectives are being set and that there is an alignment of effort with key deliverables of GPT's business strategy, the Chief Executive Officer's performance objectives are set by the Board annually and from there are cascaded into the business via the performance objectives of all executives and employees.

The STI percentage and its allocation between financial and personal goals depend upon each executive's ability to influence particular outcomes of GPT's objectives as well as the executive's seniority and accountability.

The actual STI award for an executive is determined by assessment of the executive's performance against specific objectives and relative to various measurement levels (threshold, target and stretch in the case of financial goals). No STI award is made for a particular goal if performance falls below a minimum threshold level.

STI awards may be received in a number of ways:
- cash
- salary sacrificed to superannuation and other approved benefits.

Table D shows the STI award payable to the key management personnel in March 2008 in relation to their performance for the financial year ended 31 December 2007.

Long Term Incentives (LTI) (variable component)
Following approval at the Annual General Meeting on 18 April 2006, the Board implemented a LTI scheme for Senior Executives.

The LTI scheme is designed to:
- provide Senior Executives with a long-term incentive to create value for stapled securityholders, thereby aligning their interests more closely
- provide a means through which Senior Executives can participate, over the longer term, in the ongoing success of GPT
- attract, align, retain and motivate key executives.

Prior to 1 July 2006, stapled securities listed on the Australian Stock Exchange such as those issued by GPT were not included under the definition of ordinary securities eligible for the tax deferral and tax exemption concessions in Division 13A of the *Income tax Assessment Act 1936*. As a result, loan based schemes were considered best practice and particularly relevant in the Listed Property Trust sector where the regular distributions were used in the scheme design to pay down the loan.

* A notable change in the 2007 financial year was that GPT introduced a uniform minimum weighting of all individuals' STI to be allocated to Corporate Responsibility objectives and performance.

DIRECTORS' REPORT

For the year ended 31 December 2007

3. Remuneration Report (continued)

As a result, the LTI scheme consists of a loan to enable nominated employees to acquire GPT stapled securities under GPT's Employee Incentive Scheme. The loan to purchase GPT stapled securities is full recourse[**] and of no fixed term. After deducting amounts for employee income tax from the gross distributions of GPT stapled securities, net distributions are applied to the loan. The loan is subject to interest calculated at GPT's funding cost, which in 2007 was 5.9% (2006: 5.6%). While the loan remains outstanding, the GPT stapled securities will not be able to be transferred or otherwise dealt with. If the employee leaves GPT, the loan must be repaid (either by the sale of securities or some other source of funds).

The Board, on the recommendation of the Nomination and Remuneration Committee, determines those executives eligible to participate in the LTI scheme and, for each participating executive, their potential LTI award and loan amount, calculated by reference to a percentage of their base salary. Subject to performance over a three-year period, the LTI award will be applied against the outstanding loan (after deductions for interest and Fringe Benefits Tax (FBT)).

The performance conditions that give rise to a LTI award are determined annually by the Board (refer Table B), are tested at the end of each applicable three year period and LTI awards and accruals are disclosed in GPT's Remuneration Report (refer Table D). If below threshold performance for a particular performance condition is achieved at the end of the three-year period, no portion of the LTI allocated to that performance condition would be awarded. For performance above the threshold level, pro-rated awards will occur up to stretch outcomes. Where an LTI award is made, the interest attributable to the loan (the loan cost) will first be deducted from that amount. If the total LTI award is insufficient to cover the loan cost, that part of the remaining loan cost will be capitalised and added to the loan amount. Where the LTI award is greater than the cost of the loan, GPT will waive the amount of the loan equal to the remainder of the LTI award after deducting the amount payable by GPT for Fringe Benefits Tax (FBT).

LTI awards will be made subject to ongoing employment and as such are a critical component of GPT retention strategies.

GPT has offered employees participation in LTIs under this scheme annually, the first commencing in 2006 and the second in 2007. The performance condition hurdles and GPT's performance against them as at 31 December 2007 are summarised in Table B below. The overall operation of the LTIs and the positions of participating disclosed senior executives as at 31 December 2007 are detailed in Table C.

2006 and 2007 LTI Performance Conditions

In designing the LTI performance conditions, the Board determined that it was important to devise performance conditions that provided a direct link to GPT's distributions and their rate of growth, which in turn are performance drivers of total stapled securityholders' return. The Board also considered that external benchmarking against an applicable LPT Index was required.

The Board believes that these requirements have been met through adopting the LTI performance measures of Growth in Earnings per GPT stapled security, Return on Contributed Equity and Performance relative to the S&P ASX 200 Listed Property Trust Index (excluding GPT). The performance conditions, hurdles and weightings were approved by securityholders at the 2006 and 2007 Annual General Meetings. The current state of GPT's performance against each metric is set out in Table B.

[**] At the discretion of the Board, the loan and outstanding interest on the loan may be waived on retirement of the employee, on death or total permanent disability of the employee, on redundancy without cause of the employee, or on takeover of GPT.

3. Remuneration Report (continued)

Table B – LTI Performance Conditions

LTI Performance Measurement Period	Performance Condition	Performance Condition Hurdle	Weighting	GPT Group Performance as at 31 December 2007	% of Maximum LTI Award Accrued per Executive[2]
2006 LTI Scheme					
2006 – 2008	Growth in Earnings per GPT stapled security will be measured as the percentage increase in earnings per GPT stapled security. EPS is the base earnings per security adjusted for significant items and other items determined by the Board and as disclosed in GPT's Income Statement for the financial years ended 31 December 2006, 2007 and 2008.	If EPS growth is below 6.2% on average over the three year period, no part of LTI available for this performance measure will be awarded. If EPS growth is above 6.2%, pro- rated awards will occur up to a stretch outcome of 7.5%. [1]	50%	9.75%	80%
	Return on contributed equity measures the total return on equity employed and takes into account both capital appreciation of the assets of GPT and cash distributions of income.	If RoE is below 8.5% on average over the three year period, no part of the LTI available for this performance measure will be awarded. If RoE is above 8.5%, pro-rated awards will occur up to a stretch outcome of 12.5%.	30%	22%	
	Performance relative to Listed Property Trust Index (LPT Index). A LPT Index award may be granted if GPT outperforms against the S&P ASX 200 Listed Property Trust Index. Due to the size of GPT within this Index, GPT and its performance is excluded for the purpose of calculating the LPT Index and its performance.	Below Index performance, no part of the total LTI available for this performance measure will be awarded. Above Index performance, pro-rated awards will occur up to the stretch outcome of 2% outperformance. The Board may substitute another Index if there is a material change in the composition of the LPT Index during the measurement period.	20%	-2.3% [3]	
2007 LTI Scheme					
2007-2009	Growth in Earnings per GPT stapled security will be measured as the percentage increase in earnings per GPT stapled security. EPS is the base earnings per security adjusted for significant items and other items determined by the Board and as disclosed in GPT's Income Statement for the financial years ended 31 December 2007, 2008 and 2009.	If EPS growth is below 4% on average over the three year period, no part of LTI available for this performance measure will be awarded. If EPS growth is above 4%, pro-rated awards will occur up to a stretch outcome of 6%.	50%	7%	80%
	Return on contributed equity measures the total return on equity employed and takes into account both capital appreciation of the assets of GPT and cash distributions of income.	If RoE is below 8.5% on average over the three year period, no part of the LTI available for this performance measure will be awarded. If RoE is above 8.5%, pro-rated awards will occur up to a stretch outcome of 12.5%.	30%	17.8%	
	Performance relative to Listed Property Trust Index (LPT Index). A LPT Index award may be granted if GPT outperforms against the S&P ASX 200 Listed Property Trust Index. Due to the size of GPT within this Index, GPT and its performance is excluded for the purpose of calculating the LPT Index and its performance.	Below Index performance, no part of the total LTI available for this performance measure will be awarded. Above Index performance, pro-rated awards will occur up to the stretch outcome of 2% out performance. The Board may substitute another Index if there is a material change in the composition of the LPT Index during the measurement period.	20%	-15%[3]	

[1] This performance hurdle recognised the one off uplift averaged over three years in Growth in Earnings per GPT stapled security embedded in the internalisation proposal.

[2] As an example, under the 2006 LTI Scheme Nic Lyon's maximum LTI award potential is $1,297,500. Based on GPT's performance against the 2006 LTI Scheme Performance Condition Hurdles as at 31 December 2007, the Percentage of Maximum LTI Award Accrued per Executive was 80%, a potential award of $1,038,000 at the end of the scheme. This potential award is then divided by three to match the three year life of the scheme under accrual accounting to result in an LTI award accrual of $346,000. A similar process is followed to determine the amount that should be accrued for the 2007 LTI Scheme, and the figures combined for the 31 December 2007 LTI Award Accrual in Table D. It should be noted that the dollar amounts specified are accruals only and no LTI award will be made under the 2006 or 2007 LTI Schemes if the performance hurdles specified above are not met or exceeded at the end of the 2006-2008 and 2007-2009 periods respectively.

[3] Based on a rolling three year average.

3. Remuneration Report (continued)

Set out below are details of the operation of the LTI scheme in 2006 and 2007 for Senior Executives:

Table C - 2007 and 2006 LTIs for Senior Executives

Senior Executives	LTI Scheme	Loans granted under LTI scheme	GPT stapled security purchase price	Number of securities acquired under LTI scheme	Total net distributions applied to loans since issued	Closing loan balance	GPT stapled security price at	Total net value of employee equity at [1]	LTI Scheme award accrual [2]	Total accumulated interest costs as at [3]
						31 Dec 2007	31 Dec 2007	31 Dec 2007	31 Dec 2007	31 Dec 2007
N. Lyons	**2007**	**2,223,997**	**5.11**	**434,999**	**207,592**	**4,891,401**	**4.04**	**(370,177)**	**864,833**	**325,084**
Chief Executive Officer	2006	2,874,997	4.20	684,116					432,500	
M. O'Brien	**2007**	**1,301,977**	**5.11**	**254,658**	**95,114**	**2,440,195**	**4.04**	**(225,734)**	**391,000**	**151,926**
Chief Operating Officer	2006	1,233,333	4.20	293,476					185,000	
K. Pryke	**2007**	**403,235**	**5.11**	**78,870**	**69,018**	**1,389,771**	**4.04**	**(56,397)**	**255,001**	**104,542**
Chief Financial Officer	2006	1,055,554	4.20	251,173					158,333	
N. Tobin	**2007**	**570,689**	**5.11**	**111,623**	**65,409**	**1,449,724**	**4.04**	**(90,842)**	**251,666**	**101,060**
General Manager Joint Venture	2006	944,444	4.20	224,734					141,667	
J. Johnstone [4]	**2007**	**218,453**	**5.11**	**42,728**	**48,180**	**925,828**	**4.04**	**(26,867)**	**174,668**	**72,315**
Head of Europe										
M. Fookes	**2007**	**484,347**	**5.11**	**94,735**	**69,126**	**1,448,552**	**4.04**	**(72,447)**	**259,667**	**105,552**
Head of Retail	2006	1,033,331	4.20	245,885					155,000	
N. Harris	**2007**	**256,742**	**5.11**	**50,217**	**43,268**	**1,102,360**	**4.04**	**(129,351)**	**206,668**	**74,431**
Head of Wholesale	2006	888,887	4.66*	190,627					133,333	
J. Coyne	**2007**	**209,302**	**5.11**	**40,938**	**37,058**	**741,132**	**4.04**	**(28,852)**	**136,534**	**56,055**
General Counsel/ Secretary	2006	568,888	4.20	135,369					85,333	
B. Morris [5]	2006	877,221	4.20	208,738	**16,751**	**-**	**-**	**-**	**-**	**-**
Hotels PM										
Total		**15,145,397**		**3,342,886**	**651,516**	**14,388,963**		**(1,000,667)**	**3,831,203**	**990,965**

[1] Net value of employee equity at 31 December 2007 is determined by deducting the loan balance as at 31 December 2007 from the value of the securities held at the prevailing security price on that date of $4.04.

[2] Table B outlines GPT's performance against the performance conditions of the 2007 and 2006 LTI Schemes and the resulting actual dollar amount of the LTI award accrual by Senior Executive.

[3] Under the LTI Scheme rules, the interest is accumulated and applied to the loan balance at the time an LTI award is payable. If the LTI award is insufficient to cover the interest cost in whole or in part, then the unpaid interest is added to the loan balance. The total accumulated interest costs as at 31 December 2007 is the sum of accumulated interest on the loans since commencement of the LTI scheme, which is 2006 and 2007.

[4] J. Johnstone is part of the key management personnel in 2007.

[5] B. Morris is not part of the key management personnel for 2007.

* N. Harris commenced with GPT on 25 July 2006 and the GPT stapled securities allocated to him in the 2006 LTI Scheme were purchased later in 2006 than those obtained in the initial tranche and at the prevailing market price at the time.

GPT's Employee Incentive Scheme
Following approval at the Annual General Meeting on 18 April 2006, the Board implemented the GPT Employee Incentive Scheme which operates at two levels:
- an LTI Scheme for certain Senior Executives - discussed at page 8 above; and
- a General Scheme for all employees (other than Senior Executives who receive a Long Term Incentive).

The General Scheme was implemented to encourage and build a broad base of employee ownership of GPT stapled securities. It is the view of the Board that the cost of the General Scheme is more than offset by the significant benefits that flow to GPT from the establishment of an ownership culture within the general employee population and the impact of that culture in terms of GPT performance and alignment of employee and stapled securityholder interests.

Under the General Scheme, employees with a minimum of twelve months service in permanent salaried employment are offered the ability to participate up to a nominated percentage of their base salary (20%). The General Scheme is based on an interest free loan of no fixed term to enable employees to acquire GPT stapled securities. The net cost of the interest component is a cost to the business of implementing the scheme.

The loan must be used to acquire GPT stapled securities that are acquired by the Scheme Administrator on employees' behalf. GPT stapled securities in respect of which a loan is outstanding cannot be sold or transferred. Net distributions (deducting amounts required to pay tax) must be applied to reduce the loan. If an employee leaves GPT, the loan must be repaid either by the sale of the GPT stapled securities or by some other source of funds. For the year ended 31 December 2007, 306 employees participated in the General Scheme with total loans of $4,937,651.

3. Remuneration Report (continued)

Regulatory changes in 2007
As detailed above, the existing LTI scheme is loans based, reflecting tax law and market practices at the time of its design. However, amendments to the taxation legislation effective 1 July 2006 now mean that stapled securities listed on the Australian Securities Exchange such as those issued by GPT are included under the definition of ordinary securities in the Act and are eligible for the tax deferral and tax exemption concessions in Division 13A. Prior to 1 July 2006, these concessions only applied to ordinary securities and not to stapled securities.

The Nomination and Remuneration Committee has considered these regulatory changes and sought external expert advice in the context of the implications for competitive market practice and GPT's existing employee share schemes, including the LTI. At the time of writing, the following actions have been taken:

1. GPT's All Employee Stapled Security Plan (AESSP) – GPT is introducing an AESSP in March 2008. The AESSP is a tax exempt plan under which employees can salary sacrifice $1,000 per annum to purchase GPT stapled securities. GPT stapled securities acquired under the AESSP must be held for a minimum of three years (or earlier if employment ceases) during which time they cannot be sold or otherwise dealt with.
2. Initial advice has been obtained on market best practice in relation to the existing loan based LTI.
3. Initial advice has been obtained on the deployment of tax deferred GPT stapled security purchase schemes that would allow employees and Non-Executive Directors to further build their ownership position within GPT by way of salary sacrifice.

If the Nomination and Remuneration Committee of GPT decides to take further steps towards implementation of the above items 2 and 3, approval will be sought from GPT investors and details included in the Explanatory Memorandum to the Notice of Meeting for GPT's AGM in May 2008 or future AGMs.

Other Awards
Prior to the internalisation proposal being put to GPT Unitholders, the Board of GPT Management Limited, the former Responsible Entity of GPT (comprised of its Independent Directors) identified certain individuals critical to business continuity and the success of the internalisation for a retention payment to be made in July 2007 should the employees remain with GPT until that time. Details of amounts allocated to the retention referred above have been included in Table D under the heading 'Other Long Term Benefits – Retention'.

3.3 Details of Remuneration – Senior Executives
The nature and amount of each element of remuneration paid or accruing to GPT's Senior Executives for the current financial and comparative year is as follows:

Table D – Senior Executives' Remuneration

	Short term employee benefits				Post Employment		Other long term benefits		
	Salary & Fees	STI Bonus [1]	STI Adjust Bonus [2]	Non-Monetary [3]	Super-annuation	Retirement Benefits	LTI Award Accrual [4]	Retention [5]	Total
Senior Executives									
N. Lyons									
Chief Executive Officer									
31 December 2007	**1,143,809**	**808,160**	**-**	**1,749**	**12,908**	**-**	**864,833**	**297,172**	**3,128,631**
31 December 2006	835,390	692,000	270,156	3,696	41,366	-	432,500	675,392	2,950,500
M. O'Brien									
Chief Operating Officer									
31 December 2007	**724,439**	**465,847**	**-**	**1,839**	**12,908**	**-**	**391,000**	**221,922**	**1,817,955**
31 December 2006	540,741	277,500	126,131	1,921	12,413	-	185,000	504,527	1,648,233
K. Pryke									
Chief Financial Officer									
31 December 2007	**648,295**	**272,381**	**-**	**1,749**	**12,908**	**-**	**255,001**	**181,299**	**1,371,633**
31 December 2006	462,404	237,500	103,011	9,804	12,413	-	158,333	412,044	1,395,509
N. Tobin									
General Manager - Joint Venture									
31 December 2007	**698,251**	**269,350**	**-**	**1,749**	**12,908**	**-**	**251,666**	**176,142**	**1,410,066**
31 December 2006	410,511	212,500	90,072	2,624	12,413	-	141,667	400,324	1,270,111
J. Johnstone [6]									
Head of Europe									
31 December 2007	**943,791**	**228,588**	**-**	**2,000**	**12,908**	**-**	**174,668**	**-**	**1,361,955**
31 December 2006	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
M. Fookes									
Head of Retail									
31 December 2007	**692,528**	**378,332**	**-**	**1,749**	**12,908**	**-**	**259,667**	**188,942**	**1,534,126**
31 December 2006	448,078	232,500	78,934	3,259	40,833	-	155,000	429,416	1,388,020
N. Harris									
Head of Wholesale									
31 December 2007	**486,151**	**477,433**	**-**	**1,504**	**12,908**	**-**	**206,668**	**-**	**1,184,664**
31 December 2006	168,829	131,520	-	483	5,286	-	133,333	**-**	439,451
J. Coyne									
General Counsel/Secretary									
31 December 2007	**408,050**	**145,960**	**-**	**2,087**	**12,908**	**-**	**136,534**	**134,750**	**840,289**
31 December 2006	304,518	128,000	45,937	1,891	12,413	-	85,333	306,250	884,342
B. Morris [7]									
PM, Hotels									
31 December 2007	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
31 December 2006	378,276	197,375	76,657	26,090	12,413	-	131,583	383,289	1,205,683
Total									
31 December 2007	**5,745,314**	**3,046,051**	**-**	**14,426**	**103,264**	**-**	**2,540,037**	**1,200,227**	**12,649,319**
31 December 2006	3,548,747	2,108,895	790,898	49,768	149,550	-	1,422,749	3,111,242	11,181,849

No termination benefits were paid during the financial year.

3. Remuneration Report (continued)

[1] The STI Bonus amounts relate to STI attributable to performance in a particular calendar year. In the 2006 Annual Report, this amount was disclosed as STI Bonus Accrued as the final amounts had not been calculated.

[2] The STI Adjust Bonus amounts relate to STI paid to Senior Executives in the calendar year 2006 however the amounts specified were in relation to performance for the six months ended 31 December 2005. GPT has historically disclosed STI for the year preceding the annual report period, however in 2006 took the decision to adopt the practice of reporting on STI for the current calendar year. As a result, there is a one off impact in the above table where the STI disclosed for 2006 represents eighteen months of STI (i.e. both the STI Bonus and STI Adjust Bonus amounts) for the period 1 July 2005 to 31 December 2006.

[3] The amount set out under Non-monetary may include administration fees associated with membership of the GPT Group Superannuation Plan, Death & Total/Permanent Disability Insurance Premiums, and/or the taxable value of the benefit of discounted staff rates at Voyages Hotels & Resorts.

[4] The LTI Award Accrual for calendar 2007 includes gross award accruals under both the 2006 and 2007 LTI Schemes which operate concurrently. While GPT's performance against the LTI scheme performance conditions is the driver for the accrual, no award is made to Executives unless performance conditions are met or exceeded at the end of the three year period, with the first such occasion at the end of calendar year 2008. It should be noted that participating executives incur an interest liability by participating in the LTI scheme which is either deducted from the gross award or, if the gross award does not cover the interest costs, capitalised onto the Executive's loan. For example, while N. Lyons 2007 LTI award accrual is $864,833 he has also accumulated interest costs on his full recourse loan of $325,084 which must be deducted from any potential award. A better reflection of his overall total remuneration position would deduct the accumulated interest from the LTI award accrual and hence reduce his total compensation by $325,084 to $2,803,547.

[5] The amount set out in "Other Long Term Benefits - Retention" represents an accrual for part of the retention award that became payable on 30 June 2007. The total amounts payable in respect of this retention award were as follows: N. Lyons $1,350,783, M. O'Brien $1,009,054, K. Pryke $824,088, N. Tobin $800,647, M. Fookes $858,831 and J. Coyne $612,500.

[6] The salary & fees amount for J. Johnstone in 2007 includes a significant component associated with his expatriate assignment to the United Kingdom, including rental accommodation, school fees, cost of living adjustments and relocation costs. J. Johnstone was not part of the key management personnel prior to 2007.

[7] B. Morris is not part of the key management personnel in 2007.

Service Agreements
All employees have service agreements in place that set out the basic terms and conditions of employment.

Notice periods of one month apply to all these service agreements. No notice provisions apply where termination occurs as a result of misconduct or serious or persistent breach of the agreement.

Remuneration arrangements for early termination of a Senior Executive's contract for reasons outside the control of the individual or where the executive is made redundant may give rise to a severance payment at law. In the absence of any express entitlement, these payments would vary between individuals. The Board has approved a policy with respect to severance entitlements specifically capping the maximum severance payment that would be made to twelve months base salary. In addition the employee may be entitled to any short term and long term incentive at the end of the relevant period subject to the achievement of key performance indicators that had been set.

Under the existing service agreements there are no additional payments on resignation, termination by GPT for poor performance or termination for cause other than statutory entitlements such as payment of accrued but untaken annual leave.

Set out below is a summary of the terms of the service agreements for the Chief Executive Officer and other Senior GPT Executives.

	N.Lyons	M. O'Brien	K. Pryke	N. Tobin	J. Johnstone	M. Fookes	N. Harris	J. Coyne
Date of agreement	1 June 2005	1 June 2005	1 June 2005	1 June 2005	16 June 2005	1 June 2005	25 July 2006	1 June 2005
Term of agreement	Open-ended	Open-ended	Open-ended	Open-ended	Open-ended	Open-ended	Open-ended	Open-ended
Non-solicitation of other personnel	12 months	12 months	12 months	12 months	12 months	12 months	12 months	12 months
Retention payable - June 2007	Yes*	Yes*	Yes*	Yes*	Not applicable	Yes*	Not applicable	Yes*
Termination notice	1 Month	1 Month	1 Month	1 Month	1 Month	1 Month	1 Month	1 Month

* Refer to Table D.

3.4 Remuneration – Non-Executive Directors

GPT Policy
The Board determines the remuneration structure for Non-Executive Directors based on recommendations from the Nomination and Remuneration Committee.

The Board has adopted a policy to ensure that remuneration packages for Non-Executive Directors are transparent and easily explained while at the same time enabling the Board to attract and retain the highest quality candidates. The principal features of this policy are as follows:

- Non-Executive Directors are paid one director fee for participation as a Director in all GPT related companies (principally GPT RE Limited, the Responsible Entity of General Property Trust and GPT Management Holdings Limited)
- Non-Executive Director remuneration is composed of three main elements:
    - Main Board fees
    - Committee fees
    - Superannuation contributions at the statutory Superannuation Guarantee Levy (SGL) rate
- Differences in workloads of Non-Executive Directors arise mainly because of differing involvement in board committees, which is in addition to main Board work. This additional workload is rewarded via Committee fees in addition to main Board fees.
- Non-Executive Directors do not participate in any incentive or performance based arrangements
- Non-Executive Directors are not entitled to any retirement benefits
- Non-executive Director remuneration is set by reference to comparable entities listed on the Australian Stock Exchange (based on GPT's industry sector and market capitalisation)
- External independent advice on reasonable remuneration for Non-Executive Directors is sought at least every three years. Between such reviews, remuneration is monitored against market movements as is the time being spent by Directors in performing their duties. Any increase resulting from this review is effective from the 1st of January and will be advised in the next Remuneration Report.

3. Remuneration Report (continued)

The Chairman is paid a main board fee which is 250% more than the other Non-Executive Directors to reflect additional workload and responsibility, but does not receive Committee fees.

Fees (including superannuation) paid to Non-Executive Directors are drawn from a remuneration pool of $1,550,000 per annum (2006: $1,450,000) which was approved by GPT stapled securityholders at the Annual General Meeting on 9 May 2007. As an executive director, Nic Lyons does not receive fees from this pool but is remunerated as one of GPT's Senior Executives.

Annual Board and Board Committees fees (excluding superannuation) for the year ended 31 December 2007 are as follows:

		Board	Audit and Risk Management Committee	Nomination and Remuneration Committee	Corporate Responsibility Committee
Chairman	**2007**	$315,000	$31,500	$21,000	$21,000
	2006	$300,000	$30,000	$20,000	-
Members	**2007**	$126,000	$15,750	$10,500	$10,500
	2006	$120,000	$15,000	$10,000	-

In addition to the above fees, all Non-Executive Directors receive reimbursement for reasonable travel, accommodation and other expenses incurred whilst undertaking GPT business.

3.4 Details of Remuneration – Non-Executive Directors
The nature and amount of each element of remuneration paid to GPT's Non-Executive Directors for the current financial and comparative year are as follows:

Table E – Non-Executive Directors' Remuneration

	Short term employee benefits				Post Employment		Other long term benefits		
	Salary & Fees [1]	**STI Bonus**	**STI Bonus Accrued**	**Non-Monetary [2]**	**Super-annuation [3]**	**Retirement Benefits**	**LTI Award Accrual**	**Retention**	**Total**
Directors									
P. Joseph									
Chairman									
31 December 2007	**315,000**	**-**	**-**	**-**	**12,911**	**-**	**-**	**-**	**327,911**
31 December 2006	300,000	-	-	-	12,413	-	-	-	312,413
E. Goodwin									
31 December 2007	**149,625**	**-**	**-**	**-**	**12,908**	**-**	**-**	**-**	**162,533**
31 December 2006	63,500	-	-	-	83,640	-	-	-	147,140
M. Latham									
31 December 2007	**152,250**	**-**	**-**	**2,222**	**12,807**	**-**	**-**	**-**	**167,279**
31 December 2006	130,000	-	-	-	11,685	-	-	-	141,685
I. Martin									
31 December 2007	**147,000**	**-**	**-**	**-**	**12,908**	**-**	**-**	**-**	**159,908**
31 December 2006	140,000	-	-	-	17,940	-	-	-	157,940
A. McDonald [4]									
31 December 2007	**153,562**	**-**	**-**	**1,277**	**12,908**	**-**	**-**	**-**	**167,747**
31 December 2006	56,250	-	-	1,712	5,063	-	-	-	63,025
K. Moss									
31 December 2007	**145,688**	**-**	**-**	**-**	**12,899**	**-**	**-**	**-**	**158,587**
31 December 2006	150,000	-	-	-	12,413	-	-	-	162,413
B. Norris [5]									
31 December 2007	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
31 December 2006	90,000	-	-	-	8,092	-	-	-	98,092
E. Nosworthy									
31 December 2007	**137,818**	**-**	**-**	**1,252**	**12,545**	**-**	**-**	**-**	**151,615**
31 December 2006	135,000	-	-	3,816	12,136	-	-	-	150,952
Total									
31 December 2007	**1,200,943**	**-**	**-**	**4,751**	**89,886**	**-**	**-**	**-**	**1,295,580**
31 December 2006	1,064,750	-	-	5,528	163,382	-	-	-	1,233,660

No termination benefits were paid during the financial year.

1 In 2007, salary and fees are inclusive of salary sacrifice items such as additional non-compulsory contributions to superannuation.
2 The amount set out under 'Non-monetary' may include administration fees associated with membership of the GPT Group Superannuation Plan and Death & Total/Permanent Disability Insurance Premiums (A. McDonald & E. Nosworthy) and parking (M. Latham)
3 In 2007, refers to compulsory SGC superannuation only.
4 A. McDonald was appointed on 2 August 2006.
5 B. Norris retired on 31 August 2006.

DIRECTORS' REPORT

For the year ended 31 December 2007

4. OTHER DISCLOSURES

4.1 Auditors' Remuneration

The GPT Group provides a Deed of Indemnity and Access (Deed) in favour of each of the Directors and Secretaries of the Company and its subsidiary companies and each person who acts or has acted as a representative of the Company serving as an officer of another entity at the request of the Company. The Deed indemnifies these persons on a full indemnity basis to the extent permitted by law for losses, liabilities, costs and charges incurred as a Director or Officer of the Company, its subsidiaries or such other entities.

Subject to specified exclusions, the liabilities insured are for costs that may be incurred in defending civil or criminal proceedings that may be brought against directors and officers in their capacity as Directors and Officers of the Company, its subsidiary companies or such other entities, and other payments arising from liabilities incurred by the Directors and Officers in connection with such proceedings. The Auditors are in no way indemnified out of the assets of the Company.

During the financial year, the Company paid insurance premiums to insure the Directors and Officers of GPT and its subsidiary companies. The terms of the contract prohibit the disclosure of the premiums paid.

4.2 Proceedings on behalf of the Trust

No person has applied to the Court under section 237 *Corporations Act 2001* for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the Company with leave of the Court under section 237 of the *Corporations Act 2001*.

4.3 Non-Audit Services

During the year PricewaterhouseCoopers, the Company's auditor, has performed certain other services in addition to their statutory duties. Details of the amount paid to the auditor, which includes amounts paid for non-audit and other assurance services, are set out in note 30 to the financial statements.

The Board has considered the non-audit services and other assurance services provided by the auditor during the financial year. In accordance with advice received from the Audit and Risk Management Committee, the Board is satisfied that the provision of these services is compatible with, and did not compromise, the auditor's independence requirements of the *Corporation Act 2001* for the following reasons:

- the Audit & Risk Management Committee reviewed the non-audit services and other assurance services at the time of appointment to ensure that they did not impact upon the integrity and objectivity of the auditor
- the Board's own review conducted in conjunction with the Audit and Risk Management Committee, having regard to the Board's policy with respect to the engagement of GPT's auditor
- the fact that none of the non-audit services provided by PricewaterhouseCoopers during the financial year had the characteristics of management, decision-making, self-review, advocacy or joint sharing of risks.

4.4 Rounding of Amounts

The Company is of a kind referred to in the Australian Securities & Investments Commission Class Order 98/0100. Accordingly, amounts in the Directors' Report have been rounded to the nearest thousand dollars in accordance with the Class Order, unless stated otherwise.

4.5 Auditor

PricewaterhouseCoopers continues in office in accordance with section 327 of the *Corporations Act 2001*.

4.6 Auditors' independence declaration

A copy of the auditors' independence declaration as required under section 307C of the *Corporations Act 2001* is set out on the following page.

Signed in accordance with a resolution of the Directors.

Peter Joseph
Chairman

Nic Lyons
Executive Director

Sydney
26 February 2008

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Auditor's Independence Declaration

As lead auditor for the audit of GPT Management Holdings Limited for the year ended 31 December 2007, I declare that to the best of my knowledge and belief, there have been:

a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of GPT Management Holdings Limited and the entities it controlled during the period.

DH Armstrong
Partner
PricewaterhouseCoopers

Sydney
26 February 2008

Liability limited by a scheme approved under Professional Standards Legislation

INCOME STATEMENTS
for the year ended 31 December 2007

		Consolidated entity		Parent entity	
		31 Dec 2007	31 Dec 2006	**31 Dec 2007**	31 Dec 2006
	Note	**$'000**	$'000	**$'000**	$'000
Revenue					
Revenue from hotel operations		**220,280**	226,599	**-**	-
Revenue from property investments		**19,804**	-	**-**	-
Fund management fees		**68,272**	32,231	**21,194**	14,266
Property management fees		**31,815**	15,392	**-**	-
Development management fees		**17,931**	14,075	**-**	-
		358,102	288,297	**21,194**	14,266
Other income					
Share of after tax profits of equity accounted investments	10(c)	**13,014**	63,526	**-**	-
Management costs recharged		**9,564**	6,719	**55,694**	36,907
Interest income		**4,699**	4,911	**2,605**	3,918
Dividend income		**430**	-	**3,369**	16,119
Net gain on disposal of assets		**285**	-	**-**	-
Net gain on fair value of derivatives		**1,024**	-	**-**	-
Other		**3,152**	3,180	**-**	3,180
		32,168	78,336	**61,668**	60,124
Total revenue and other income		**390,270**	366,633	**82,862**	74,390
Expenses					
Remuneration expenses		**172,613**	133,458	**76,949**	47,992
Rental expense attributable to hotel operations		**61,405**	60,293	**-**	-
Cost of sales attributable to hotel operations		**41,523**	39,629	**-**	-
Property rent and outgoings		**36,978**	39,811	**749**	816
Repairs and maintenance		**9,552**	11,605	**(64)**	1,354
Professional fees		**19,824**	6,224	**1,599**	2,923
Advertising and promotion		**6,391**	5,789	**-**	-
Depreciation and amortisation expense	5(a)	**7,146**	4,835	**1,352**	521
Impairment expense	5(b)	**1,485**	31,685	**(3,009)**	8,848
Finance costs	5(c)	**34,442**	3,236	**8,778**	582
Net foreign currency exchange loss		**2,923**	-	**120**	-
Costs associated with internalisation/merger proposal		**285**	797	**285**	797
Other expenses		**9,848**	7,675	**2,944**	1,836
		404,415	345,037	**89,703**	65,669
Profit/(loss) before income tax expense		**(14,145)**	21,596	**(6,841)**	8,721
Income tax expense	6(a)	**(7,075)**	(159)	**(7,706)**	(2,886)
Net profit/(loss) for the financial year		**(21,220)**	21,437	**(14,547)**	5,835
Net profit attributable to:					
- Members of the Company		**(19,222)**	21,437	-	-
- External minority interest		**(1,998)**	-	-	-
Earnings per share (cents per share)					
Basic and diluted earnings per share attributable to the ordinary equity holders of the Company	4	**(0.01)**	0.01	-	-

The above Income Statements should be read in conjunction with the accompanying notes.

BALANCE SHEETS
as at 31 December 2007

	Note	Consolidated entity		Parent entity	
		31 Dec 2007	31 Dec 2006	**31 Dec 2007**	31 Dec 2006
		$'000	$'000	**$'000**	$'000
ASSETS					
Current Assets					
Cash and cash equivalents	26(b)	**47,875**	24,354	**4,986**	3,320
Loans and receivables	7(a)	**157,486**	45,621	**13,797**	111,675
Inventories	8	**404,441**	7,290	**-**	-
Derivative assets	9	**1,552**	-	**-**	-
Prepayments		**5,287**	6,207	**767**	1,531
Total Current Assets		**616,641**	83,472	**19,550**	116,526
Non-current Assets					
Equity accounted investments	10	**405,635**	293,696	**-**	-
Loans and receivables	7(b)	**130,395**	24,638	**35,011**	22,604
Other assets	11	**9,368**	5,337	**353,580**	203,151
Property, plant & equipment	12	**78,777**	45,105	**6,230**	3,022
Intangible assets	13	**146,390**	27,028	**-**	-
Deferred tax assets	6(b)	**13,199**	9,332	**8,031**	5,382
Total Non-Current Assets		**783,764**	405,136	**402,852**	234,159
Total Assets		**1,400,405**	488,608	**422,402**	350,685
LIABILITIES					
Current Liabilities					
Payables	14	**289,662**	120,768	**44,734**	67,613
Derivative liabilities	9	**497**	-	**-**	-
Provisions	15	**20,425**	9,658	**16,024**	7,330
Borrowings	16	**612,170**	-	**-**	-
Total Current Liabilities		**922,754**	130,426	**60,758**	74,943
Non-Current Liabilities					
Provisions	15	**4,636**	4,107	**3,664**	3,037
Deferred tax liabilites	6(c)	**-**	715	**-**	-
Borrowings	16	**146,856**	48,000	**89,271**	-
Total Non-Current Liabilities		**151,492**	52,822	**92,935**	3,037
Total Liabilities		**1,074,246**	183,248	**153,693**	77,980
Net Assets		**326,159**	305,360	**268,709**	272,705
EQUITY					
Equity attributable to members of the Company (parent entity)					
Contributed equity	17	**317,576**	306,995	**317,576**	306,995
Reserves	18	**9,456**	(835)	**(163)**	(133)
Retained profits / (accumulated losses)	19	**(20,022)**	(800)	**(48,704)**	(34,157)
Total equity of Company members		**307,010**	305,360	**268,709**	272,705
Equity attributable to minority interests - external					
Contributed equity	17	**-**	-	**-**	-
Reserves	18	**12**	-	**-**	-
Retained profits / (accumulated losses)	19	**19,137**	-	**-**	-
Total equity of minority interests - external		**19,149**	-	**-**	-
Total Equity		**326,159**	305,360	**268,709**	272,705

The above Balance Sheets should be read in conjunction with the accompanying notes.

GPT MANAGEMENT HOLDINGS LIMITED and its controlled entities

STATEMENT OF CHANGES IN EQUITY
as at 31 December 2007

		Consolidated entity									Parent entity		
		Attributable to Company members				Attributable to minority interests - external					Attributable to Company membe		
	Note	Contributed Equity $'000	Reserves $'000	Retained earnings $'000	Total $'000	Contributed Equity $'000	Reserves $'000	Retained earnings $'000	Total $'000	Total equity $'000	Contributed Equity $'000	Reserves $'000	Retained earnings $'000
Balance at 1 January 2006		302,508	2,374	(22,237)	282,645	-	-	-	-	282,645	302,508	(133)	(34,157)
Movement in foreign currency translation reserve	18(c)	-	(1,629)	-	(1,629)	-	-	-	-	(1,629)	-	-	-
Net income recognised directly in equity		-	(1,629)	-	(1,629)	-	-	-	-	(1,629)	-	-	-
Net profit for the year		-	-	21,437	21,437					21,437	-	-	-
Total recognised income and expenses for the financial year		-	(1,629)	21,437	19,808	-	-	-	-	19,808	-	-	-
Transactions with equity holders in their capacity as equity holders:													
Issue of share capital	17	4,487	-	-	4,487	-	-	-	-	4,487	4,487	-	-
Movement in long term incentive reserve	18(a)	-	(1,623)	-	(1,623)	-	-	-	-	(1,623)	-	-	-
Movement in employee incentive scheme reserve	18(b)	-	43	-	43	-	-	-	-	43	-	-	-
Distribution paid or payable		-	-	-	-	-	-	-	-	-	-	-	-
Closing balance at 31 December 2006		306,995	(835)	(800)	305,360	-	-	-	-	305,360	306,995	(133)	(34,157)
Balance at 1 January 2007		**306,995**	**(835)**	**(800)**	**305,360**	**-**	**-**	**-**	**-**	**305,360**	**306,995**	**(133)**	**(34,157)**
Movement in foreign currency translation reserve	18(c)	**-**	**(2,615)**	**-**	**(2,615)**	**-**	**12**	**-**	**12**	**(2,603)**	**-**	**-**	**-**
Movement in cash flow hedge reserve	18(d)	**-**	**11,489**	**-**	**11,489**	**-**	**-**	**-**	**-**	**11,489**	**-**	**-**	**-**
Net income recognised directly in equity		**-**	**8,874**	**-**	**8,874**	**-**	**12**	**-**	**12**	**8,886**	**-**	**-**	**-**
Net profit/(loss) for the year		**-**	**-**	**(19,222)**	**(19,222)**			**(1,998)**	**(1,998)**	**(21,220)**	**-**		**(14,547)**
Total recognised income and expenses for the financial year		**-**	**8,874**	**(19,222)**	**(10,348)**	**-**	**12**	**(1,998)**	**(1,986)**	**(12,334)**	**-**	**-**	**(14,547)**
Transactions with equity holders in their capacity as equity holders:													
Issue of share capital	17	**10,581**	**-**	**-**	**10,581**	**-**	**-**	**-**	**-**	**10,581**	**10,581**	**-**	**-**
Movement in long term incentive reserve	18(a)	**-**	**1,411**	**-**	**1,411**	**-**	**-**	**-**	**-**	**1,411**	**-**	**(36)**	**-**
Movement in employee incentive scheme reserve	18(b)	**-**	**6**	**-**	**6**	**-**	**-**	**-**	**-**	**6**	**-**	**6**	**-**
Minority interest in acquisition of controlled entity		**-**	**-**	**-**	**-**	**-**	**-**	**21,135**	**21,135**	**21,135**	**-**	**-**	**-**
Distribution paid or payable		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Closing balance at 31 December 2007		**317,576**	**9,456**	**(20,022)**	**307,010**	**-**	**12**	**19,137**	**19,149**	**326,159**	**317,576**	**(163)**	**(48,704)**

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

CASH FLOW STATEMENTS
for the year ended 31 December 2007

	Note	Consolidated entity 31 Dec 2007 $'000	Consolidated entity 31 Dec 2006 $'000	Parent entity 31 Dec 2007 $'000	Parent entity 31 Dec 2006 $'000
Cash flows from operating activities					
Cash receipts in the course of operations (inclusive of GST)		**374,784**	281,082	**87,785**	54,354
Cash payments in the course of operations (inclusive of GST)		**(336,368)**	(282,909)	**(97,475)**	(31,673)
Dividends received		**47,464**	-	**46,870**	-
Income tax paid		**(2,206)**	(3,207)	**(2,883)**	(3,901)
Interest received		**2,670**	4,718	**572**	3,918
		86,344	(316)	**34,869**	22,698
Interest paid		**(34,428)**	-	**-**	-
Net cash inflows/(outflows) from operating activities	26(a)	**51,916**	(316)	**34,869**	22,698
Cash flows from investing activities					
Proceeds from the sale of property, plant and equipment		**592**	-	**-**	-
Deposit received for property, plant and equipment		**106,465**	-	**-**	-
Investment in controlled entities		**-**	-	**(149,008)**	(67,520)
Payment for purchase of subsidiary, net of cash acquired		**(56,003)**	-	**-**	-
Investment in joint ventures and associates		**(54,685)**	(66,826)	**-**	-
Payment for investments		**-**	(1,079)	**-**	(1,079)
Payments for intangibles		**(3,000)**	(51,200)	**-**	-
Payments for inventories		**(612,022)**	-	**-**	-
Payments for property, plant and equipment		**(60,306)**	(7,784)	**(4,560)**	(1,243)
Net cash outflows from investing activities		**(678,959)**	(126,889)	**(153,568)**	(69,842)
Cash flows from financing activities					
Proceeds from the issue of shares	17	**10,581**	4,487	**10,581**	4,487
Payment of employee incentive scheme		**(13,582)**	(29,221)	**(13,677)**	(27,222)
Proceeds from related party borrowings		**319,637**	142,301	**123,461**	58,388
Proceeds from external borrowings		**333,928**	-	**-**	-
Net cash inflows from financing activities		**650,564**	117,567	**120,365**	35,653
Net increase/(decrease) in cash and cash equivalents		**23,521**	(9,638)	**1,666**	(11,491)
Cash and cash equivalents at the beginning of the financial year		**24,354**	33,992	**3,320**	14,811
Cash and cash equivalents at the end of the financial year	26(b)	**47,875**	24,354	**4,986**	3,320

The above Cash Flow Statements should be read in conjunction with the accompanying notes.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2007

1. Summary of significant accounting policies

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial report includes separate financial statements for GPT Management Holdings Limited (Company) as an individual entity and the consolidated entity consisting of the Company and its controlled entities.

(a) Basis of preparation

This general purpose financial report has been prepared in accordance Australian equivalents to International Financial Reporting Standards (AIFRS), other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Interpretations and the *Corporations Act 2001*.

Compliance with IFRS

The financial report complies with Australian Accounting Standards and International Financial Reporting Standards (IFRS).

New accounting standards and interpretations

With the move to International Financial Reporting Standards in 2005, the Australian Accounting Standards Board announced that it would maintain a 'stable platform' of standards for the 2006 and 2007 fiscal years to allow entities to implement and 'bed down' the new IFRS standards. During the 2007 fiscal year, the Australian Accounting Standards Board issued new standards and numerous amendments to existing standards however none of the new standards or amendments to existing standards is mandatory for the Company until its 2008 financial statements.

A list of Australian Accounting Standards newly released or existing standards to which amendments have been made in the past fiscal year are: 1, 2, 3, 4, 5, 6, 7, 8, 101, 102, 107, 108, 110, 111, 112, 114, 116, 117, 118, 119, 120, 121, 123, 127, 128, 129, 130, 131, 132, 133, 134, 136, 137, 138, 139, 141, 1023 and 1038. UIG Interpretations newly released or amended are: 4, 11, 12, 13, 14, 113, and 129.

No changes are expected to the Company's financial performance, position or accounting principles as a result of the application of the new and amended standards above however the type of information disclosed in future annual financial reports will change. Management's current assessment indicates that the most significant impact will arise from some additional new disclosures required by AASB 8 *Operating Segments* from 1 January 2009, although it is unlikely that any new operating segments, in addition to those disclosed at note 2, will be required. The Company has also considered the option to proportionately consolidate its investments in joint venture entities in the amendment to UIG 113 and currently does not consider taking up the option.

The Company has not elected to early adopt any of the new or amended standards and has applied the following standards and interpretations which were mandatory from 1 January 2007:

- AASB 7 *Financial Instruments*: Disclosures and all consequential amendments in AASB 2005-10 Amendments to Australian Accounting Standards (AASB 132, 101, 114, 117, 133, 139, 1, 4, 1023 and 1038) from 1 January 2007. The adoption of this standard only affected the financial instrument disclosures in these financial statements – refer to note 29. There has been no affect on the financial position or performance of the consolidated entity or Company.
- UIG Interpretation 8 Scope of AASB 2 Share-Based Payment
- UIG Interpretation 9 Reassessment of Embedded Derivatives
- UIG Interpretation 10 Interim Financial Reporting and Impairment

Adoption of the above Interpretations did not have any affect on the financial position or performance of the consolidated entity or Company.

Historical cost convention

These financial statements have been prepared under the historical cost convention, as modified by the revaluation for financial assets and liabilities (including derivatives) at fair value through profit and loss, certain classes of property, plant and equipment and investment property.

Comparatives

Where applicable, certain comparative figures are restated in order to comply with the current year presentation of the financial statements.

The financial statements were approved by the Board of Directors on 26 February 2008.

(b) Accounting for the GPT Management Holdings Limited

The shares of GPT Management Holdings Limited are quoted on the Australian Stock Exchange under the stapled entity code 'GPT' and comprise one unit in General Property Trust (Trust) and one share in GPT Management Holdings Limited. The unit and share are stapled together and cannot be traded separately. Each entity forming part of GPT continues as a separate legal entity in its own right under the *Corporations Act 2001* and is therefore required to comply with the reporting and disclosure requirements under the *Corporations Act 2001* and Australian Accounting Standards.

As a result of the stapling, investors in GPT will receive distributions from each component of the stapled security comprising distributions from the Trust and dividends from the Company.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2007

1. Summary of significant accounting policies (continued)

(c) Principles of consolidation

(i) Controlled entities

The consolidated financial statements comprise the assets and liabilities of all controlled entities and the results of all controlled entities for the financial year then ended. The Company and its controlled entities are collectively referred to in this financial report as the consolidated entity or Company.

Controlled entities are all entities (including special purpose entities) over which the Company has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Company controls another entity. Controlled entities are fully consolidated from the date control commenced and de-consolidated from the date that control ceased.

The purchase method of accounting is used to account for the acquisition of controlled entities by the Company (refer to note 1(d)). All inter-entity transactions, balances and unrealised gains on transactions between the Company's entities have been eliminated in full. Unrealised losses are eliminated unless costs cannot be recovered.

Minority interests not held by the Company are allocated their share of net profit after income tax expense in the income statement and are presented within equity in the balance sheet, separately from the Company's equity.

(ii) Associates

Associates are entities over which the Company has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for in the parent entity's balance sheet at cost and in the consolidated balance sheet using the equity method. Under this method, the Company's share of the associates' post acquisition net profits after income tax expense is recognised in the consolidated income statement and its share of post acquisition movements in reserves, including cashflow hedge reserves, is recognised in reserves in the consolidated balance sheet. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. Distributions and dividends received from associates are recognised in the parent entity's income statement while in the consolidated financial statements they reduce the carrying amount of the investment. The Company's investment in associates includes goodwill (net of any accumulated impairment loss) identified on acquisition (refer note 13).

Where the Company's share of losses in associates equals or exceeds its interest in the associate, including any other unsecured receivables, the Company does not recognise any further losses, unless it has incurred obligations or made payments on behalf of the associate.

All balances and effects of transactions between each associate and the Company have been eliminated to the extent of the Company's interest in the associate.

(iii) Joint Ventures

Joint venture operations

The Company has significant co-ownership interests in a number of properties through unincorporated joint ventures. These interests are held directly and jointly as tenants in common. The Company's proportionate share of revenues, expenses, assets and liabilities in property interests held as tenants in common are included in their respective items of the consolidated balance sheet and income statement.

Joint venture entities

Investments in joint venture entities are accounted for in the Company's balance sheet at cost.

Investments in joint venture entities are accounted for in the consolidated balance sheet using the equity method. Under this method, Company's share of the joint ventures' post acquisition net profits after income tax expense is recognised in the consolidated income statement and its share of post acquisition movements in reserves, including cashflow hedge reserves, is recognised in reserves in the consolidated balance sheet. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. Distributions and dividends received from joint ventures are recognised in the Company's income statement while in the consolidated financial statements they reduce the carrying amount of the investment.

All balances and effects of transactions between joint ventures and the Company have been eliminated to the extent of Company's interest in the joint venture.

Where controlled entities, associates or joint ventures adopt accounting policies which differ from the parent entity, adjustments have been made so as to ensure consistency within the Company.

(d) Accounting for acquisitions and business combinations

The purchase method of accounting is used to account for all acquisitions of assets (including business combinations) regardless of whether equity instruments or other assets are acquired. Cost is measured as the fair value of the assets given, shares issued or liabilities incurred or assumed at the date of exchange plus costs directly attributable to the acquisition.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. Transaction costs arising on the issue of equity instruments are recognised directly in equity. The excess of the cost of acquisition over the fair value of the Company's share of the net identifiable assets acquired represents goodwill (refer note 1(r)(i)). If the cost of acquisition is less than the Company's share of the fair value of the net assets of the entity acquired, the difference is recognised directly in the income statement, but only after a reassessment of the identification and measurement of net assets acquired.

Where settlement of any part of cash consideration is deferred, the amount payable in the future is discounted to their present value as at the date of exchange. The discount rate used is the Company's incremental borrowing rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2007

1. Summary of significant accounting policies (continued)

(e) Foreign currency translation

(i) Currency of presentation

All amounts are expressed in Australian dollars, which is the parent entity and consolidated entity's presentation currency.
Items included in the financial statements of each of the Company's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency), which may differ from Australian dollars. The presentation currency of the overseas entities is Australian dollars to enable the consolidated financial statements of the Company to be reported in a common currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

(iii) Foreign operations

Non-monetary items that are measured in terms of historical cost are converted using the exchange rate as at the date of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences of non-monetary items, such as equities held at fair value through profit or loss, are reported as part of the fair value gain or loss.

Exchange differences arising on monetary items that form part of the net investment in a foreign operation are taken to the profit and loss in the parent entity and against a foreign currency translation reserve on consolidation. Where forward foreign exchange contracts are entered into to cover any anticipated excesses of revenue less expenses within foreign joint venture entities, they are converted at the ruling rates of exchange at the reporting period. The resulting foreign exchange gains and losses are taken to the income statement.

(f) Income tax

Income tax expense and revenue for the financial year is the tax payable on the current year's taxable income based on the national income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses. Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the Trust is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

Tax consolidation – Australia

GPT Management Holdings Limited (the head entity) and its wholly owned Australian controlled entities implemented the tax consolidation legislation as of 1 January 2006. Each member in the tax consolidated group continues to account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated group continues to be a stand alone taxpayer in its own right. On adoption of the tax consolidation legislation, the entities in the tax consolidated group entered into a tax sharing agreement, which in the opinion of the directors, limits the joint and several liability of the wholly owned entities in the case of a default of the head entity, GPT Management Holdings Limited.

The Company has also entered into a tax funding agreement under which the wholly owned entities fully compensate GPT Management Holdings Limited for any current tax payable assumed and are compensated by GPT Management Holdings Limited for any current tax receivable and deferred tax assets relating to unused tax losses or unused tax credits that are transferred to GPT Management Holdings Limited under the tax consolidation legislation. The funding amounts are determined by reference to the amounts recognised in the financial statements.

Assets and liabilities arising under the tax funding agreement with the tax consolidated entities are recognised as amounts receivables or payables and these amounts are due upon demand from the head entity. The head entity may also require payment of interim funding amounts to assist with its obligations to pay tax instalments and the funding amounts are recognised as intercompany receivables or payables. Any difference between the amounts assumed and amounts receivable or payable under the tax funding agreement are recognised as a contribution to (or distribution from) wholly owned tax consolidated entities.

(l) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST (or equivalent tax in overseas locations) except where the GST incurred on purchase of goods and services is not recoverable from the tax authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable. Receivables and payables are stated inclusive of the amount of GST. The net amount of GST receivable from, or payable to, the taxation authority is included with other receivables or payables in the balance sheet.

Cashflows are presented on a gross basis in the Statement of Cashflows. The GST components of cashflows arising from investing or financing activities which are recoverable from, or payable to, the taxation authority are presented as operating cashflows. Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2007

1. Summary of significant accounting policies (continued)

(h) Segment reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different to those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment and is subject to risks and returns that are different from those of segments operating in other economic environments. Business segment is the primary reporting format.

Segment revenues, expenses, assets and liabilities are those that are directly attributable to a segment. Segment assets include all assets used by a segment and consist primarily of operating cash, receivables, inventories, property, plant and equipment and intangible assets, net of related provisions. Assets used jointly by two or more different segments are allocated based on a reasonable estimate of usage. Segment liabilities consist primarily of trade creditors and accruals. Segment assets and liabilities do not include income taxes.

(i) Revenue recognition

Rental revenue from hotel operations is recognised on an accruals basis. Property and fund management fee revenue is recognised on an accruals basis, in accordance with the terms of the relevant contracts. Revenue from development projects is recognised on settlement of an unconditional contract for sale. Revenue from property investments is earned on warehoused property investments (refer to note 1(n)) and recognised on an accruals basis. Acquisition fee revenue is recognised once external equity raisings are complete or substantially complete and the sale of the fund is unconditional.

Revenue from dividends and distributions are recognised when they are declared. Interest income is recognised on an accruals basis using the effective interest method.

Gain or loss on disposal of assets is calculated as the difference between the carrying amount of the asset at the date of disposal and the net proceeds from disposal and is included in the income statement in the year of disposal. Where revenue is obtained from the sale of properties or assets, it is recognised when the significant risks and rewards have transferred to the buyer. This will normally take place on unconditional exchange of contracts.

If not received at reporting date, revenue is included in the balance sheet as a receivable and carried at fair value.

(j) Finance costs

Finance costs include interest, amortisation of discounts or premiums relating to borrowings, amortisation of and ancillary costs incurred in connection with the arrangement of borrowings. Finance costs are expensed as incurred unless they relate to a qualifying asset. A qualifying asset is an asset which generally takes more than 12 months to get ready for its intended use or sale. In these circumstances, financing costs incurred for the construction of a qualifying asset are capitalised to the cost of the asset for the period of time that is required to complete and prepare the asset for its intended use or sale. As all funds are borrowed by the GPT Group, the capitalisation rate used to determine the amount of finance costs capitalised is the weighted average interest applicable to the Company's outstanding borrowings during the year.

(k) Expenses

Property expenses and outgoings include rates, taxes and other property outgoings incurred in relation to investment properties where such expenses are the responsibility of the Company and are recognised on an accruals basis.

(l) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, at bank and short term money market deposits with original maturities of three months or less. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

(m) Receivables

Trade and sundry debtors are recognised at amortised cost, which in the case of the Company is the original invoice amount less a provision for doubtful debts. Trade debtors are due within thirty days. Collectibility of trade debtors is reviewed regularly and bad debts are written of when identified. A specific provision for doubtful debts is made when there is objective evidence that the Company will not be able to collect the amounts due according to the original terms of the receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows.

Other loans and receivables

Loans and receivables are recognised at amortised cost using the effective interest rate method. Under this method, fees, costs, discounts and premiums directly related to the loans and receivables are recognised in the income statement over the expected life of the loans and receivables. All loans and receivables with maturities greater than 12 months after balance date are classified as non-current assets.

(n) Inventory

Inventory is stated at the lower of cost and net realisable value. Hotel merchandise costs are assigned on the basis of weighted average costs and net realisable value is the estimated selling price in the ordinary course of business. A provision is raised when it is believed that the costs incurred will not be recovered on the ultimate sale of the inventory.

Warehoused investment property is investment property which has been acquired for a proposed fund by entities in the Company to ultimately sell to external investors once the final portfolio has been identified and the terms have been agreed. Costs on the warehoused investment property include the costs of acquisition. Gains and losses on the sale of the fund is recognised in the income statement when the significant risks and rewards of the fund have transferred to external investors.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2007

1. Summary of significant accounting policies (continued)

(o) Property, plant and equipment

Property under development is carried at historical cost until development is complete. All costs of development are capitalised against the property and are not depreciated. Upon completion of development, the assets are classified as investment property.

All other property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to its acquisition. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation and amortisation
Land is not depreciated. Depreciation on other assets is calculated using the straight line method to allocate their cost or revalued amounts, net of their residual values, over their expected useful lives, as follows:

- Motor Vehicles 4 – 7 years
- Office fixtures, fittings and operating equipment 5 – 15 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These are included in the income statement. When revalued assets are sold, any amount in the asset revaluation reserve in respect of those assets is transferred to retained earnings.

(p) Leases

Leases are classified at their inception as either operating or finance leases based on their economic substance of the agreement so as to reflect the risks and benefits incidental to ownership. Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Net rental payments, excluding contingent payments, are recognised as an expense in the income statement on a straight line basis over the period of the lease.

(q) Lease incentives

Incentives such as cash, rent free periods, lessee or lessor owned fitouts may be provided to lessees to enter into an operating lease. These incentives are capitalised and amortised on a straight line basis over the term of the lease as a reduction of rental revenue. The carrying amount of the lease incentives is reflected in the fair value of investment properties.

(r) Intangible assets

(i) Goodwill

Goodwill on acquisition represents the excess of purchase consideration, including incidental expenses associated with the acquisition, over the fair value of the Company's share of the identifiable net assets of the acquired. Goodwill on acquisition of controlled entities is included in intangible assets and goodwill on acquisition of associates/joint ventures is included in investments in associates/joint ventures.

Goodwill is not amortised, instead it is tested for impairment annually, whenever there is an indication that the carrying value may be impaired, and is carried at cost less accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to cash generating units (CGUs) that are expected to benefit from the acquisition. The Company has determined that each primary reporting segment set out in note 2 is a CGU. Impairment is determined by assessing the recoverable amount of the CGU to which the goodwill relates. Gains and losses on disposal of an entity include the carrying amount of goodwill relating to the entity disposed.

(il) Other intangible assets

Operating lease rights relating to the resort operation at Lizard Island Resort and property management rights have been assessed to have a maximum useful life of 28 years respectively. They are carried at cost less accumulated amortisation and impaired losses. Amortisation is calculated using the straight line method to allocate the cost of the operating lease rights and property management rights over their useful life.

Intangible assets are tested for impairment annually (refer to note 1(t))

(s) Other investments

Other investments, excluding investments in controlled entities, are classified as available for sale assets. Unlisted investments are stated at the fair value of the Company's interest in the underlying assets which approximate fair value. Gains or losses on available-for-sale investments are recognised in the asset revaluation reserve in the balance sheet until the investment is sold or impaired, at which time the cumulative changes in fair value recognised in the asset revaluation reserve are recognised in the income statement. Investments in controlled entities are held at the lower cost or recoverable amount.

(t) Impairment

Goodwill, which has an indefinite useful life, is not subject to amortisation and is tested annually for impairment. All other assets, including financial assets, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Where an indicator of impairment or objective evidence exists, an estimate of the asset's recoverable amount is made. An impairment loss is recognised in the income statement for the amount by which the asset's carrying amount exceeds its recoverable amount. Recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2007

1. Summary of significant accounting policies (continued)

(u) Financial assets and liabilities

Classification of financial assets and liabilities depends on the purpose for which the assets and liabilities were acquired.

The Company and parent entity's classification is set out below:

Financial asset/liability	Classification	Valuation basis	
Cash	Fair value through profit and loss	Fair value	Refer to note 1(l)
Receivables	Loans and receivables	Amortised cost	Refer to note 1(m)
Derivative assets	Fair value through profit and loss	Fair value	Refer to note 1(v)
Other assets			
Investment in unlisted entities	Available for sale financial assets	Fair value	Refer to note 1(s)
Payables	Financial liability at amortised cost	Amortised cost	Refer to note 1(w)
Borrowings	Financial liability at amortised cost	Amortised cost	Refer to note 1(y)
Derivative liabilities	Fair value through profit and loss	Fair value	Refer to note 1(v)

Derecognition of financial instruments

Financial assets are recognised on the date the consolidated or parent entity commits to purchase or sell the asset and derecognised when the Company no longer controls the contractual rights that comprise the financial instrument which is normally the case when the instrument is sold or all risks and rewards of ownership have transferred to an independent third party.

(v) Derivatives

The Company uses derivative financial instruments to manage its exposure to fluctuations in interest rates, foreign currency rates and the volatility of financial outcomes that arise as part of normal business operations. The GPT Group's treasury and risk management policy sets out the policies, limits, monitoring and reporting requirements on the use of financial instruments, including derivatives, to hedge the exposures and these are discussed in detail at note 29.

The Company's major exposure is to interest rate risks arising from borrowings, loans and receivables. The derivatives that entities in the consolidated entity commonly use to reduce its exposure are interest rate swaps. Further details are included in note 29.

Derivatives, including those embedded in other contractual arrangements, are recognised at fair value. The fair value of interest rate swaps is calculated using the present value of the estimated future cash flows of these instruments. The fair values of forward foreign exchange contracts are determined using quoted forward exchange rates at reporting date. The fair value of barrier interest rate swaps and interest rate option contracts are calculated as the estimated present value of the contract using the relevant market rates and incorporating time value and implied volatility around a number of variables. The fair value of forward exchange trigger contracts are calculated as the estimated present value of the contract using the relevant forward foreign exchange rates and incorporating time value and volatility around a number of variables. Each instrument is discounted at the market interest rate appropriate to the instrument. Where the fair value of a derivative is calculated as the present value of the estimated future cash flows of the instrument, there are two key variables used:

- Forward price curve (for the relevant underlying interest rates or foreign exchange rates)
- Discount rates

Subsequent changes in the fair value of derivatives are also recognised in the income statement as the Company has not formally designated its derivative assets or liabilities as hedges however the derivatives achieve the economic outcomes of offsetting interest rate and foreign currency exposures in accordance with GPT's treasury and risk management policy. Gains and losses on maturity or close-out of derivatives are recognised in the income statement.

Derivatives with a positive closing fair value at reporting date are presented as assets and derivative liabilities are presented where the closing fair value is negative. All derivatives are classified as current assets or liabilities given the derivatives are not part of a hedge.

(w) Payables

Trade payables are unsecured liabilities for goods and services provided to the Company prior to the end of the financial year but which remain unpaid at reporting date. They are recognised at amortised cost, which in the case of the Company, is the fair value of consideration to be paid in the future for the goods and services received.

Loans payable

Loans payable to related parties are recognised at amortised cost using the effective interest rate method. Under this method, fees, costs, discounts and premiums directly related to the loans are recognised in the income statement over the expected life of the borrowings. Interest payable is recognised on an accruals basis. All loans payable with maturities greater than 12 months after reporting date are classified as non-current liabilities.

(x) Provisions

Provisions are recognised when the Company has a present legal, equitable or constructive obligation as a result of past transactions or events, It is more likely than not that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses. Refer to note 1(ab) for provisions for dividends.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2007

1. Summary of significant accounting policies (continued)

(y) Borrowings

Borrowings are recognised at amortised cost using the effective interest rate method or at their fair value at the time of acquisition in the case of assumed liabilities in a business combination. Under the effective interest rate method, any transaction fees, costs, discounts and premiums directly related to the borrowings are recognised in the income statement over the expected life of the borrowings. All loans and receivables with maturities greater than twelve months after reporting date are classified as non-current liabilities. Refer to note 1(j) on finance costs.

(z) Employee benefits

(i) Wages, salaries, annual leave and long service leave

Liabilities for wages and salaries (including non monetary benefits) and annual leave are recognised in the provisions for employee benefits and measured at the amounts to be expected to be paid when the liabilities are settled. Liabilities for non-accumulated sick leave are recognised when leave is taken and measured at the rates paid or payable.

The employee benefit liability expected to be settled within 12 months from balance date is recognised in current liabilities. The non-current provision relates to entitlements, including long service leave, which are expected to be payable after twelve months from balance date and are measured as the present value of expected future payments to be made in respect of services provided by employees up to balance date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at balance date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows. Employee benefit on-costs are recognised and included in employee benefit liabilities and costs when the employee benefits to which they relate are recognised as liabilities.

(ii) Retirement benefit obligations

Depending on the geographic location of employees, depends on whether employees of the Company are entitled to benefits on retirement, disability or death from the GPT Group Superannuation Plan. The GPT Group Superannuation Plan has a defined contribution section within its plan. The defined contribution section receives fixed contributions and the Company's legal and constructive obligation is limited to these contributions. Most of the Australian employees of the Company are members of the defined contribution section of the GPT Group Superannuation Plan. Contributions to the defined contribution fund are recognised as an expense as they become payable. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

(iii) Profit sharing and bonus plans

The Company recognises a liability and expense for profit sharing and bonuses based on a formula that takes into consideration the profit attributable to the Company's shareholders after certain adjustments. A provision is recognised where contractually obliged or where there is a past practice that has created a constructive obligation

(iv) Share based payments

Information relating to the Employee Incentive Scheme (EIS) is set out in note 24.

Employee incentive scheme

Security based compensation benefits are provided to employees via the EIS. The non-recourse loans issued under the General Scheme, which are used to acquire GPT stapled securities on market, create a synthetic option. The notional fair value of the implied option in respect of the loans is recognised as an employee benefit expense with a corresponding increase in the employee incentive scheme reserve in equity. The fair value at grant date is calculated using the Monte Carlo pricing model and recognised over the period during which the employees become unconditionally entitled to the GPT stapled securities.

The recourse loans issued to certain GPT Group employees under the Long Term Incentive (LTI) Scheme are included in non-current receivables. Any repayments of the loans by employees reduce the amount of the outstanding loans included in non-current receivables.

(aa) Contributed equity

Ordinary units and shares are classified as equity and recognised at the fair value of the consideration received by the Company. Any transaction costs arising on the issue of ordinary securities are recognised directly in equity as a reduction, net of tax, of the proceeds received.

(ab) Dividends

A provision for dividend is made for the amount of any distribution or dividend declared on or before the end of the financial year but not paid at reporting date.

(ac) Earnings per share (EPS)

Basic earnings per share is calculated as net profit attributable to shareholders of the Company divided by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year. Diluted earnings per share is calculated as net profit attributable to shareholders of the Company divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus issue. Where there is no difference between basic earnings per share and diluted earnings per share, the term basic and diluted earnings per share is used.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2007

1. Summary of significant accounting policies (continued)

(ad) Rounding of amounts
The Company is of a kind referred to in the Australian Securities & Investments Commission Class Order 98/0100. Accordingly, amounts in the financial report have been rounded to the nearest thousand dollars in accordance with the Class Order, unless stated otherwise.

(ae) Critical accounting estimates and judgements
The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management bases its judgments and estimates on historical experience and other various factors it believes to be reasonable under the circumstances, but which are inherently uncertain and unpredictable, the result of which form the basis of the carrying values of assets and liabilities. The resulting accounting estimates may differ from the actual results under different assumptions and conditions. The key estimates and assumptions that have a significant risk of causing a material adjustment within the next financial year to the carrying amounts of assets and liabilities recognised in these financial statements are:

(i) Valuation of property investments
Critical judgements are made by the Company in respect of the fair values of investments in associates and joint ventures (note 1(c)), warehoused investment properties (note 1(n)) and property under development (note 1(o)). The fair value of these investments are reviewed regularly by management with reference to external independent property valuations and market conditions existing at reporting date, using generally accepted market practices. The critical assumptions underlying management's estimates of fair values are those relating to the receipt of contractual rents, expected future market rentals, maintenance requirements, discount rates that reflect current market uncertainties and current and recent property investment prices. If there is any change in these assumptions or regional, national or international economic conditions, the fair value of property investments may differ.

(ii) Valuation of assets acquired in business combinations
The fair value of assets acquired and liabilities assumed in a business combination as well as the goodwill and intangible assets arising from the business combination requires significant estimates and assumptions particularly concerning the future performance of the assets and business(s) purchased and the fair values for contingent liabilities (if any) which had not been previously required to be recognised or valued by the seller.

(iii) Valuation of financial instruments
The fair value of derivative assets and liabilities are based on assumptions of future events and involve significant estimates. The basis of valuation for the Company's derivatives are set out in note 1(v) however the fair values of derivatives reported at 31 December 2007 may differ if there is volatility in market rates, indexes, equity prices or foreign exchange rates in future periods.

(iv) Impairment of assets
Assets, excluding goodwill, are assessed for impairment each reporting date by evaluating whether any impairment triggers exist. Where impairment triggers exist, management review the allocation of cash flows to those assets and estimate a fair value for the assets. Critical judgements are made by the Company in setting appropriate impairment triggers for its assets and the assumptions used when determining fair values for assets where triggers exist.

The Company also tests annually whether goodwill is impaired. As goodwill is assigned to CGUs, this requires an estimation of the recoverable amount of the CGUs to which the goodwill is assigned. The assumptions used by the Company when estimating the future cash flows for the CGUs, which are based on future events, are critical in supporting the carrying value of goodwill. These assumptions are detailed in note 13.

When appropriate, independent third party firms are engaged to assist in determining the fair values of assets and entities. These valuations, whether performed by the Company or an independent third party, require the use of management's assumptions, which would not reflect unanticipated events and circumstances that may occur.

(v) Warehoused investment property assets
The Company classifies its warehoused investment property assets as current inventory and the borrowings related to those properties as current borrowings on the basis that the investment property assets have been acquired to ultimately sell to external investors in proposed funds. Marketing and selling the funds is anticipated to take approximately twelve months, however external factors including global economic conditions could affect the timing of any sale.

(vi) Share based payment transactions
The Company measures the cost of equity settled securities allocated to employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by an external valuer using the Monte Carlo method, as discussed in note 24.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2007

2. Segment reporting

Primary reporting format – business segments
The GPT is organised on a global basis into activities by business segment as set out below:

Income statement - 31 December 2007

	Funds Management $'000	Property Management $'000	Hotel & Tourism $'000	Joint Venture $'000	Seniors Housing $'000	Corporate $'000	Total $'000
Revenue							
Revenue from hotel operations	-	-	220,280	-	-	-	220,280
Revenue from property investments	19,804	-	-	-	-	-	19,804
Fund management fees	37,900	-	-	-	-	30,372	68,272
Property management fees	8,883	22,932	-	-	-	-	31,815
Development management fees	-	16,609	-	-	-	1,322	17,931
	66,587	39,541	220,280	-	-	31,694	358,102
Other income							
Share of after tax profits/(losses) of equity accounted entities	(1,672)	-	245	14,139	(127)	429	13,014
Management costs recharged	-	3,875	-	-	-	5,689	9,564
Interest income	1,083	4	744	-	-	2,868	4,699
Dividend income	-	-	-	-	-	430	430
Net gain on disposal of assets	410	-	-	-	-	(125)	285
Net gain on fair value of derivatives	1,024	-	-	-	-	-	1,024
Other	3,141	-	-	-	-	11	3,152
	3,986	3,879	989	14,139	(127)	9,302	32,168
Total segment revenue	70,573	43,420	221,269	14,139	(127)	40,996	390,270
Remuneration expenses	20,656	32,411	80,626	-	-	38,920	172,613
Rental expense attributable to hotel operations	-	-	60,004	-	-	1,401	61,405
Cost of sales attributable to hotel operations	-	-	41,523	-	-	-	41,523
Property rent and outgoings	1,432	2,039	35,147	-	-	(1,640)	36,978
Repairs and maintenance	206	1,499	7,700	-	-	147	9,552
Professional fees	14,873	91	1,521	-	-	3,339	19,824
Advertising and promotion	-	-	5,466	-	-	925	6,391
Depreciation and amortisation expense	501	3,994	1,299	-	-	1,352	7,146
Finance costs	22,044	-	4,580	-	-	(25,139)	1,485
Impairment expense	-	1,485	-	-	-	32,957	34,442
Net foreign currency exchange loss	225	-	-	-	-	2,698	2,923
Costs associated with internalisation/merger proposal	-	-	-	-	-	285	285
Other expenses - internal recharges	5,354	-	-	-	-	(5,354)	-
Other expenses	1,422	2,377	214	-	-	5,835	9,848
Total segment expenses	66,713	43,896	238,080	-	-	55,726	404,415
Segment result	3,860	(476)	(16,811)	14,139	(127)	(14,730)	(14,145)
Income tax (expense) / benefit	(4,442)	(1,606)	5,095	(9,993)	-	3,871	(7,075)
Net profit / (loss) for the year	(582)	(2,082)	(11,716)	4,146	(127)	(10,859)	(21,220)
Balance Sheet - 31 December 2007							
ASSETS							
Current assets							
Inventories	397,288	-	7,153	-	-	-	404,441
Other current assets	156,351	4,666	36,140	-	-	15,043	212,200
Total current assets	553,639	4,666	43,293	-	-	15,043	616,641
Non-current assets							
Equity accounted investments	49,043	-	6,528	320,529	16,873	12,662	405,635
Loans and receivables	56,580	-	1,275	-	708	71,832	130,395
Other assets	9,085	-	283	-	-	-	9,368
Property, plant & equipment	4,665	-	9,637	-	-	64,475	78,777
Intangible assets	121,841	24,549	-	-	-	-	146,390
Deferred tax asset	2,502	2,033	-	-	-	8,664	13,199
Total Non-current assets	243,716	26,582	17,723	320,529	17,581	157,633	783,764
Total Assets	797,355	31,248	61,016	320,529	17,581	172,676	1,400,405
Total Liabilities	656,616	10,348	86,169	21,716	-	299,397	1,074,246
Net Assets / (Liabilities)	140,739	20,900	(25,153)	298,813	17,581	(126,721)	326,159

2. Segment reporting (continued)

Primary reporting format – business segments (continued)

Income statement - 31 December 2006

	Funds Management $'000	Property Management $'000	Hotel & Tourism $'000	Joint Venture $'000	Seniors Housing $'000	Corporate $'000	Total $'000
Revenue							
Revenue from hotel operations	-	-	226,599	-	-	-	226,599
Fund management fees	8,676	-	-	-	-	23,555	32,231
Property management fees	-	15,392	-	-	-	-	15,392
Development management fees	-	14,075	-	-	-	-	14,075
	8,676	29,467	226,599	-	-	23,555	288,297
Other income							
Share of after tax profits/(losses)of equity accounted entities	-	-	184	63,366	-	(24)	63,526
Management costs recharged	-	4,063	-	-	-	2,656	6,719
Interest income	261	2	488	-	-	4,160	4,911
Other	-	-	-	-	-	3,180	3,180
	261	4,065	672	63,366	-	9,972	78,336
Total segment revenue	8,937	33,532	227,271	63,366	-	33,527	366,633
Remuneration expenses	787	24,257	84,070	1,812	-	22,532	133,458
Rental expense attributable to hotel operations	-	-	60,293	-	-	-	60,293
Cost of sales attributable to hotel operations	-	-	39,629	-	-	-	39,629
Property rent and outgoings	73	2,549	36,233	-	-	956	39,811
Repairs and maintenance	51	1,614	8,415	-	-	1,525	11,605
Professional fees	228	1,395	1,942	406	-	2,253	6,224
Advertising and promotion	-	-	5,789	-	-	-	5,789
Impairment expense	-	21,200	1,728	-	-	8,757	31,685
Depreciation and amortisation expenses	-	2,976	1,339	-	-	520	4,835
Interest expense	-	-	3,235	-	-	1	3,236
Costs associated with internalisation	-	-	-	-	-	797	797
Other expenses - internal recharges	3,569	-	-	-	-	(3,569)	-
Other expenses	146	2,262	1,524	-	-	3,743	7,675
Total segment expenses	4,854	56,253	244,197	2,218	-	37,515	345,037
Segment result	4,083	(22,721)	(16,926)	61,148	-	(3,988)	21,596
Income tax (expense) / benefit	(1,225)	(459)	4,312	(1,248)	-	(1,539)	(159)
Net profit / (loss) for the period	2,858	(23,180)	(12,614)	59,900	-	(5,527)	21,437
Balance Sheet - 31 December 2006							
ASSETS							
Inventories	-	-	7,290	-	-	-	7,290
Other current assets	10,708	11,258	50,760	-	-	3,456	76,182
Total current assets	10,708	11,258	58,050	-	-	3,456	83,472
Non-current assets							
Equity accounted investments	-	-	6,283	270,074	17,339	-	293,696
Loans and receivables	-	-	-	-	790	23,848	24,638
Other assets	-	-	508	-	-	4,829	5,337
Property, plant & equipment	-	-	9,400	-	-	35,705	45,105
Intangible assets	-	-	-	-	-	27,028	27,028
Deferred tax asset	141	1,168	1,996	-	-	6,027	9,332
Total non-current assets	141	1,168	18,187	270,074	18,129	97,437	405,136
Total Assets	10,849	12,426	76,237	270,074	18,129	100,893	488,608
Total Liabilities	1,912	6,776	82,184	-	-	92,376	183,248
Net Assets / (Liabilities)	8,937	5,650	(5,947)	270,074	18,129	8,517	305,360

2. Segment reporting (continued)

Business Segments description

Funds Management segment includes asset and funds management in Australia by GPT Funds Management Limited, the Responsible Entity for the Company's wholesale fund business - GPT Wholesale Shopping Centre Fund and GPT Wholesale Office Fund and asset and funds management in Europe through GPT Halverton and Hamburg Trust (refer to note 21(a) and (b) respectively). GPT Wholesale Office Fund was the only fund established at 31 December 2006.

Property Management segment includes property management of Australian retail assets including the retail assets in the GPT Wholesale Shopping Centre Fund.

Hotel & Tourism segment includes nature-based resorts and hotel assets.

Joint Venture segment includes investments in the Babcock & Brown joint venture which is invested in shopping centres and retail formats, light industrial assets, residential assets and office assets in Europe, the United States of America, New Zealand and Australia.

Seniors Housing segment includes investments in a portfolio of established seniors housing assets in the United States of America as well as an interest in the manager of these assets. 2007 is the first year of revenue.

Corporate segment includes costs associated with the funds management of the General Property Trust, foreign exchange gains and losses, finance costs and Company operating costs.

Secondary reporting format – geographical segments
The Company operates its activities in three main geographical locations as set out below:

	Segment revenues		**Segment assets**		**Acquisition of property , plant and equipment**	
	31 Dec 2007 $'000	31 Dec 2006 $'000	**31 Dec 2007 $'000**	31 Dec 2006 $'000	**31 Dec 2007 $'000**	31 Dec 2006 $'000
Australia	320,200	288,297	995,217	200,726	41,986	50,442
Europe	37,902	-	388,315	268,783	3,368	-
United States of America	-	-	16,873	19,099	-	671
Total	358,102	288,297	1,400,405	488,608	45,354	51,113

Australia segment includes the hotel operations, property and development management of the GPT Group, urban communities and Australian funds management operations of GPT Management Holdings Limited.

Europe segment includes the operations carried out throughout Europe but predominantly in the Czech Republic, Denmark, Finland, France, Germany, Poland, the Netherlands, Sweden and the United Kingdom by the Joint Venture as well as GPT Halverton as the European platform of the funds management operations.

United States of America segment includes mainly retail and residential business, carried out by the joint venture and seniors housing.

3. Dividends paid and payable
No dividends have been paid or declared for the year (2006: nil).

4. Earnings per share

		Consolidated entity	
	Note	**31 Dec 2007 Cents**	31 Dec 2006 Cents
Basic earnings per share		**(0.01)**	0.01
Diluted earnings per share		**(0.01)**	0.01
		Number of shares	Number of shares
Weighted average number of shares used as the denominator			
Weighted average number of ordinary shares used in calculating basic and diluted earnings per share	17	**2,055,767,491**	2,030,721,165

The earnings and shares used in the calculations of the basic and diluted earnings per share are as follows:

	31 Dec 2007 $'000	31 Dec 2006 $'000
Earnings reconciliation - basic and diluted*		
Earnings used in calculating basic and diluted earnings per share	**(19,222)**	21,437

* At 31 December 2007, there are no shares on issue which are dilutive or potentially dilutive. As such the earnings and number of shares do not differ between basic and diluted earnings per share.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2007

	Note	Consolidated entity 31 Dec 2007 $'000	Consolidated entity 31 Dec 2006 $'000	Parent entity 31 Dec 2007 $'000	Parent entity 31 Dec 2006 $'000
5. Expenses					
(a) Depreciation and amortisation					
Amortisation of management rights	13	**3,994**	2,972	**-**	-
Amortisation of lease incentives		**225**	290	**-**	-
Depreciation of plant and equipment	12	**2,927**	1,573	**1,352**	521
Total depreciation and amortisation		**7,146**	4,835	**1,352**	521
(b) Impairment expense					
Impairment of management rights	13	**1,485**	21,200	**-**	-
Impairment of goodwill		**-**	7,278	**-**	-
Impairment of investments		**-**	3,207	**-**	-
Reversal of previous impairment write-off		**-**	-	**(3,009)**	8,848
Total impairment expense		**1,485**	31,685	**(3,009)**	8,848
(c) Finance costs					
Related parties		**18,084**	3,236	**8,778**	582
External entities		**16,358**	-	**-**	-
Total finance costs		**34,442**	3,236	**8,778**	582
6. Income Tax					
(a) Income tax expense					
Current income tax expense		**11,657**	1,564	**10,355**	3,081
Deferred income tax expense		**(4,582)**	(1,405)	**(2,649)**	(195)
Income tax expense in the income statement		**7,075**	159	**7,706**	2,886
The prima facie tax on net profit before income tax expense is reconciled to the income tax expense provided in the financial statements as:					
Reconciliation of income tax expense to prima facie tax payable					
Net profit/(loss) before income tax expense		**(14,145)**	21,596	**(6,841)**	8,721
Prima facie income tax expense at 30% tax rate		**(4,244)**	6,479	**(2,052)**	2,616
Tax effect of amounts which are not deductible in calculating income tax expense:					
Share of after tax (profits)/losses of equity accounted investments		**(4,270)**	(18,990)	**-**	-
Controlled Foreign Company Attribution tax		**10,654**	1,248	**10,654**	1,248
Amortisation of intangibles		**1,198**	892	**-**	-
Impairment expense		**447**	9,475	**(903)**	2,654
Dividend income		**-**	-	**(1,011)**	(4,835)
Tax losses not recognised		**1,724**	-	**-**	-
Other		**1,566**	1,055	**1,018**	1,203
Income tax expense		**7,075**	159	**7,706**	2,886
Deferred tax assets and liabilities are attributable to the following:					
(b) Deferred tax asset					
The balance comprises temporary differences attributable to:					
Amounts recognised in income statement					
Employee benefits		**2,317**	4,542	**2,317**	2,020
Overhead costs		**3,539**	1,700	**-**	-
Other accruals		**4,920**	2,381	**4,920**	2,366
Income received in advance		**1,770**	-	**-**	-
Other		**653**	709	**794**	996
Net deferred tax assets		**13,199**	9,332	**8,031**	5,382
Movement in temporary differences during the financial year:					
Opening balance at the beginning of the financial year		**9,332**	7,423	**5,382**	5,187
Credited/(charged) to the income statement		**3,867**	1,839	**2,649**	125
Transfers of employee leave entitlements		**-**	70	**-**	70
Closing balance at the end of the financial year		**13,199**	9,332	**8,031**	5,382

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2007

	Consolidated entity		Parent entity	
	31 Dec 2007	31 Dec 2006	**31 Dec 2007**	31 Dec 2006
	$'000	$'000	**$'000**	$'000

6. Income Tax (continued)

Deferred tax assets and liabilities are attributable to the following:

(c) Deferred tax liability

The balance comprises temporary differences attributable to:

Amounts recognised in profit or loss				
Inventories	**-**	415	-	-
Depreciation	**-**	(978)	-	-
Other receivables	**-**	1,167	-	-
Other	**-**	111	-	-
Net deferred tax liabilities	**-**	715	**-**	-
Movement in temporary differences during the financial year:				
Opening balance at beginning of the financial year	**715**	211	**-**	-
Credited/(charged) to the income statement	**(715)**	504	**-**	-
Closing balance at the end of the financial year	**-**	715	**-**	-

(d) Tax losses

Unused tax losses for which no deferred tax asset is recognised	**8,103**	-	**-**	-
Potential tax benefit @ 30%	**2,431**	-	**-**	-

All unused tax losses were incurred by overseas entities.

7. Loans and receivables

(a) Current assets

Trade receivables	**59,651**	43,303	**8**	66
less: provision for doubtful receivables	**(820)**	(675)	**-**	-
	58,831	42,628	**8**	66
Proceeds from the sale of Dutch Active Fund PropCo B.V.	**80,022**	-	**-**	-
Interest receivable	**3,269**	1,260	**3,269**	3,645
Intercompany receivable	**-**	-	**10,111**	86,035
Dividend receivable	**-**	-	**-**	21,919
Loan to German Retail Fundco SARL	**1,707**	-	**-**	-
Other debtors	**13,657**	1,733	**409**	10
Total current loans and receivables	**157,486**	45,621	**13,797**	111,675

(b) Non-Current assets

The Company's investment in joint ventures and associates comprise equity instruments (refer note 10) and also the following loans set out below:

Loan to employees	(i)	**35,964**	23,848	**34,689**	22,478
Loan to Benchmark Assisted Living LLC	(ii)	**708**	790	**-**	-
Loan to Babcock & Brown Residential Operating Partnership LE	(iii)	**56,580**	-	**-**	-
Loan to GPT MaltaCo 1 Limited	(iv)	**-**	-	**322**	126
Loan to Lend Lease GPT (Rouse Hill) Pty Limited	(v)	**37,143**	-	**-**	-
Total non-current loans and receivables		**130,395**	24,638	**35,011**	22,604

(i) The loan is a recourse loan provide to senior executives of the GPT Group for the purchase of GPT stapled securities. Under the Long Term Incentive Scheme (LTI), the Company has provided a recourse loan to senior executives for the purchase of GPT securities. The LTI is subject to performance hurdles that, when earned, will be used to paydown the recourse loan. The increase in the loan to employees relates to the issue of 2,735,376 GPT securities (2006: 5,710,332 securities) in May 2007 to employees with an entitlement under the Long Term Incentive Scheme (LTI) at a weighted average market price of $5.11. Further information on the LTI is discussed in note 24.

(ii) The loan is provided to Benchmark entities as part of the funding of the Benchmark joint venture arrangement. The loan is repayable on 31 December 2016 with interest payable at 9% compounded monthly.

(iii) This US dollar preferred capital of USD $49,518,816 (AUD $56,580,000) has been provided for a portfolio of 22 residential properties and apartments. The Company is entitled to an 8% return with further upside to a higher internal rate of return should certain events occur. GPT has the right to put the loan back to Babcock & Brown (US) LP on 30 June 2009.

	Consolidated entity		Parent entity	
	31 Dec 2007	31 Dec 2006	**31 Dec 2007**	31 Dec 2006
	$'000	$'000	**$'000**	$'000

7. Loans and receivables (continued)

(iv) The loan is provided to GPT MaltaCo 1 Limited as part of the funding of its overhead costs. The loan does not earn any interest.

(v) The loan is provided to Lend Lease GPT (Rouse Hill) Pty Limited as part of the funding of the joint venture arrangement. The loan is at a floating interest rate of 8.07% with a term of 10 years.

8. Inventories

Hotel merchandise:				
General supplies - at cost	**1,031**	1,184	**-**	-
Food and beverage - at cost	**2,483**	2,279	**-**	-
Retail - at cost	**3,290**	3,413	**-**	-
Other - at cost	**349**	414	**-**	-
Warehoused property investments*:				
Hamburg Trust - Alliance Fund	**108,196**	-	**-**	-
H2O Fund	**280,630**	-	**-**	-
Scandanavian Active Fund	**8,462**	-	**-**	-
Total inventories	**404,441**	7,290	**-**	-

* The Company, through its European funds management platform, has acquired investment properties in Europe (Scandinavian Active Fund Holdco AB and H20 Fund) and the United States of America (Hamburg Trust Alliance Fund) with a view to establishing a number of specialised property funds. In line with management's strategy, the property funds are expected to be marketed and sold to external investors in the short to medium term (refer note 1(ae)(v)).

9. Derivative financial instruments

	Consolidated entity		Parent entity	
	31 Dec 2007	31 Dec 2006	**31 Dec 2007**	31 Dec 2006
	$'000	$'000	**$'000**	$'000
Current assets				
Interest rate swaps	**1,552**	-	**-**	-
Total current derivative assets	**1,552**	-	**-**	-
Current liabilities				
Interest rate swaps	**497**	-	**-**	-
Total current derivative liabilities	**497**	-	**-**	-

GPT does not speculatively trade in derivative financial instruments and the terms and conditions of the derivative financial instruments are similar to the terms and conditions of the underlying items being economically hedged. Refer to note 29 for further details.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2007

	Note	31 Dec 2007 $'000	31 Dec 2006 $'000
10. Equity accounted investments			
Investments in joint ventures	(a)(i)	**333,801**	282,908
Investments in associates	(a)(ii)	**71,834**	10,788
Total equity accounted investments		**405,635**	293,696

Details of Joint Ventures and Associates

Name	Principal Activity	Ownership Interest 2007 %	Ownership Interest 2006 %	31 Dec 2007 $'000	31 Dec 2006 $'000
(a)(i) Joint ventures					
Entity incorporated in Australia					
DPT Operator Pty Limited*	Managing property	**50**	50	**750**	321
BGA Real Estate Finance Trust*	Mezzanine loan	**50**	-	**2,990**	-
Entities incorporated in the United States					
B&B GPT Alliance 1 LLC^	Property investment	**50**	50	**-**	970
B-VII Operations Holding LLC**	Property investment	**95**	95	**12,522**	12,834
Entity incorporated in United Kingdom					
BGP (UK) Investments Limited^^	Managing investments	**-**	50	**-**	2,845
Entity incorporated in Luxembourg					
BGP Investment SARL^	Property investment	**50**	50	**317,539**	265,938
Total investments in joint ventures				**333,801**	282,908
(a)(ii) Associates					
Entity incorporated in Australia					
Kings Canyon (Watarrka) Resort Trust*	Investment property	**46**	46	**6,528**	6,283
Lend Lease GPT (Rouse Hill) Pty Liimited***	Investment property	**25**	-	**11,912**	-
Entity incorporated in The Netherlands					
Dutch Active Fund Propco BV^*	Property investment	**38**	-	**49,043**	-
Entity incorporated in the United States					
Benchmark Assisted Living, LLC**	Property management	**20**	20	**4,351**	4,505
Total investment in associates				**71,834**	10,788

* The entity has a 30 June balance date.

** The Company has a 95% economic interest in Benchmark GPT LLC and B-VII Operations Holding Co LLC, entities which both own housing assets and a 20% interest in the manager of the portfolio, Benchmark Assisted Living LLC. GPT has equal representation and voting rights on the Board of these entities with all major decisions regarding the joint venture requiring unanimous approval from both parties, resulting in share joint control with BE Capital LLC. Accordingly, Benchmark GPT LLC and B-VII Operations Holding Co LLC has been accounted for as a joint venture. Funding of the joint venture is by way of both ordinary equity and loans (refer to note 7(b)).

*** The Company has consolidated 49% Lend Lease GPT (Rouse Hill) Pty Limited as it owns a 52% controlling interest in GPT Residential (Rouse Hill) Trust. Economically it owns 25% of the entity after taking into account minority interest.

^ The Company has entered into a joint venture arrangement with Babcock & Brown Limited to identify and invest in real estate opportunities which offer superior risk adjusted returns. The joint venture's key activities are acquiring and intensively managing assets which have attractive underlying investment fundamentals, undertaking selected investment and development projects and external property funds management, in both the listed and wholesale markets. Funding of the joint venture is by way of both ordinary equity and preferred loans to each of the joint venture entities within the joint venture arrangement.

^^ In November 2007, BGP (UK) Investments Limited became a controlled entity of the Company with the acquisition of the remaining 50% interest by GPT UK Limited (refer to note 21(a)).

^* The Dutch Active Fund PropCo B.V. (DAF) is a closed end unlisted fund with a expected life of seven years. GPT has a residual interest of 38% in DAF after its first equity raising closed (refer to note 20). A second and final equity raising is planned for mid 2008.

	Australia		Europe		United States		Consolidated entity	
	31 Dec 2007	31 Dec 2006	**31 Dec 2007**	31 Dec 2006	**31 Dec 2007**	31 Dec 2006	**31 Dec 2007**	31 Dec 2006
	$'000	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000

10. Equity accounted investments (continued)

(b) Reconciliation of the carrying amount of equity accounted investments – consolidated entity

Reconciliations of the carrying amount of equity accounted investments at the beginning and end of the current financial year by the geographic segment they operate in are set out below:

(i) Joint ventures

Carrying amount at the beginning of the financial year	**321**	345	**268,783**	151,969	**13,804**	-	**282,908**	152,314
Acquisitions	**2,990**	-	**-**	3,079	**-**	14,868	**2,990**	17,947
Additions	**-**	-	**57,403**	52,413	**2,662**	-	**60,065**	52,413
Disposals	**-**	-	**(10,138)**	-	**-**	-	**(10,138)**	-
Transfer to investments in controlled entities	**-**	-	**(1,523)**	-	**-**	-	**(1,523)**	-
Share of joint ventures' net operating profit	**429**	(24)	**7,321**	33,193	**(5,692)**	664	**2,058**	33,833
Share of joint ventures' fair value adjustments	**-**		**6,772**	31,104	**3,554**	(1,595)	**10,326**	29,509
Share of increment in joint ventures' reserves	**-**	-	**11,489**	-	**-**	-	**11,489**	-
Foreign exchange rate differences on translation	**-**	-	**2,087**	(1,496)	**(1,806)**	(133)	**281**	(1,629)
Dividends paid	**-**	-	**(24,655)**	-	**-**	-	**(24,655)**	-
Impairment expense	**-**	-	**-**	(1,479)	**-**	-	**-**	(1,479)
Carrying amount at the end of the financial year	**3,740**	321	**317,539**	268,783	**12,522**	13,804	**333,801**	282,908

(ii) Associates

Carrying amount at the beginning of the financial year	**6,283**	7,637	**-**	-	**4,505**	-	**10,788**	7,637
Acquisitions	**11,912**	-	**-**	-	**-**	4,505	**11,912**	4,505
Transfer from investments in controlled entities	**-**	-	**49,043**	-		-	**49,043**	-
Share of joint ventures' net operating profit	**245**	184	**-**	-	**385**	-	**630**	184
Foreign exchange rate differences on translation	**-**	-	**-**	-	**(539)**	-	**(539)**	-
Impairment expense	**-**	(1,538)	**-**	-	**-**	-	**-**	(1,538)
Carrying amount at the end of the financial year	**18,440**	6,283	**49,043**	-	**4,351**	4,505	**71,834**	10,788

(c) Share of joint ventures and associates' net profits – consolidated entity

The Company's share of net profits after income tax from its equity accounted investments is set out below by the geographic segment they operate in:

Revenue	**3,625**	5,693	**244,785**	208,588	**138,756**	-	**387,166**	214,281
Expenses	**2,779**	5,486	**224,488**	109,367	**140,509**	931	**367,776**	115,784
Profit before income tax expense	**846**	207	**20,297**	99,221	**(1,753)**	(931)	**19,390**	98,497
Income tax expense / (benefit)	**172**	47	**6,204**	34,924	**-**	-	**6,376**	34,971
Share of net profits of joint ventures and associate interests	**674**	160	**14,093**	64,297	**(1,753)**	(931)	**13,014**	63,526

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10. Equity accounted investments (continued)

	Australia		Europe		United States		Consolidated	
	31 Dec 2007	31 Dec 2006	**31 Dec 2007**	31 Dec 2006	**31 Dec 2007**	31 Dec 2006	**31 Dec 2007**	31 Dec 2006
	$'000	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000
(d) Share of joint ventures and associates' assets and liabilities – consolidated entity								
The Company's share of the balance sheet of its equity accounted investments by the geographic location they operate in are:								
Current Assets	**77,739**	2,691	**365,863**	390,347	**31,590**	17,380	**475,192**	410,418
Non-current Assets	**20,001**	7,126	**2,778,741**	2,697,815	**39,842**	8,991	**2,838,584**	2,713,932
Total assets	**97,740**	9,817	**3,144,604**	3,088,162	**71,432**	26,371	**3,313,776**	3,124,350
Current liabilities	**-**	-	**62,417**	-	**-**	-	**62,417**	-
Non-current liabilities	**75,560**	3,213	**2,717,021**	2,831,199	**54,559**	8,062	**2,847,140**	2,842,474
Total liabilities	**75,560**	3,213	**2,779,438**	2,831,199	**54,559**	8,062	**2,909,557**	2,842,474
Net assets	**22,180**	6,604	**365,166**	256,963	**16,873**	18,309	**404,219**	281,876
(e) Share of joint ventures and associates' commitments								
The Company's share of its equity accounted investments' capital expenditure commitments for the purchase, plant and equipment which have been approved but not provided for at 31 December 2007 and operating lease commitments are set out below:								
Capital commitments	**-**	-	**72,313**	50,973	**343**	1,700	**72,656**	52,673
Lease commitments	**-**	-	**28,195**	166,448	**235,335**	-	**263,530**	166,448
Total joint ventures and associates' commitments	**-**	-	**100,508**	217,421	**235,678**	1,700	**336,186**	219,121

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2007

	Note	Consolidated entity 31 Dec 2007 $'000	Consolidated entity 31 Dec 2006 $'000	Parent entity 31 Dec 2007 $'000	Parent entity 31 Dec 2006 $'000
11. Other assets					
Available for sale investments					
Investments in unlisted entities - at cost		**9,085**	4,829	**6,250**	4,829
Total available for sale financial assets		**9,085**	4,829	**6,250**	4,829
Other assets					
Investments in controlled entities - at cost	22	**-**	-	**347,330**	198,322
Other		**283**	508	**-**	-
Total assets		**283**	508	**347,330**	198,322
Total non-current other assets		**9,368**	5,337	**353,580**	203,151

Available for sale investments comprise investments in ordinary shares in companies and units in trusts and have no fixed maturity date.

	Consolidated entity 31 Dec 2007 $'000	Consolidated entity 31 Dec 2006 $'000	Parent entity 31 Dec 2007 $'000	Parent entity 31 Dec 2006 $'000
12. Property, Plant and Equipment				
Property under development				
At cost	**58,243**	31,977	**-**	-
less: accumulated depreciation and impairment	**-**	-	**-**	-
Total property under development	**58,243**	31,977	**-**	-
Buildings				
At cost	**-**	671	**-**	-
Total buildings	**-**	671	**-**	-
Computers				
At cost	**10,090**	4,635	**6,326**	2,299
less: accumulated depreciation and impairment	**(3,160)**	(1,167)	**(1,702)**	(507)
Total computers	**6,930**	3,468	**4,624**	1,792
Office, fixtures and fittings				
At cost	**15,613**	10,064	**1,918**	1,385
less: accumulated depreciation and impairment	**(2,009)**	(1,075)	**(312)**	(155)
Total ofice, fixtures and fittings	**13,604**	8,989	**1,606**	1,230
Total property, plant and equipment	**78,777**	45,105	**6,230**	3,022

Reconciliations
Reconciliations of the carrying amount for each class of property, plant and equipment at the beginning and end of the current financial year are:

	Property under development $'000	Buildings $'000	Computers $'000	Office fixtures & fittings $'000	Total $'000
Consolidated entity					
Year ended 31 December 2007					
Opening net book amount	**31,977**	**671**	**3,468**	**8,989**	**45,105**
Acquisition of controlled entities	**-**	**-**	**776**	**1,292**	**2,068**
Additions	**26,266**	**-**	**4,687**	**14,401**	**45,354**
Disposals	**-**	**(671)**	**(8)**	**(10,144)**	**(10,823)**
Depreciation charge	**-**	**-**	**(1,993)**	**(934)**	**(2,927)**
Closing carrying value	**58,243**	**-**	**6,930**	**13,604**	**78,777**
Year ended 31 December 2006					
Opening carrying value		-	2,842	8,173	11,015
Additions	31,977	671	2,533	15,932	51,113
Disposals	-	-	(895)	(14,555)	(15,450)
Depreciation charge	-	-	(1,012)	(561)	(1,573)
Closing carrying value	31,977	671	3,468	8,989	45,105

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for the year ended 31 December 2007

	Property under development $'000	Buildings $'000	Computers $'000	Office fixtures & fittings $'000	Total $'000
12. Property, Plant and Equipment (continued)					
Parent entity					
Year ended 31 December 2007					
Opening net book amount	**-**	**-**	**1,792**	**1,230**	**3,022**
Additions	**-**	**-**	**4,027**	**533**	**4,560**
Depreciation charge	**-**	**-**	**(1,195)**	**(157)**	**(1,352)**
Closing carrying value	**-**	**-**	**4,624**	**1,606**	**6,230**
Year ended 31 December 2006					
Opening carrying value	-	-	1,252	1,048	2,300
Additions	-	-	942	313	1,255
Disposals	-	-	-	(12)	(12)
Depreciation charge	-	-	(402)	(119)	(521)
Closing carrying value	-	-	1,792	1,230	3,022

(a) Details of property under development – at cost

	Ownership Interest [(1)] %	Acquisition Date	Cost 31 Dec 2007 $'000	Cost 31 Dec 2006 $'000
Workplace[6], Darling Island, NSW	* 100.0	Dec 2006	**58,243**	31,977
Total Consolidated Entity			**58,243**	31,977

* This is a leasehold property. The Company has entered into an agreement to sell this property - for further details refer to note 14.

13. Intangibles

	Consolidated entity		Parent entity	
	31 Dec 2007 $'000	31 Dec 2006 $'000	**31 Dec 2007 $'000**	31 Dec 2006 $'000
Goodwill				
At cost	**121,841**	-	-	-
Accumulated amortisation and impairment	**-**	-	-	-
Total goodwill	**121,841**	-	-	-
Management rights				
At cost	**54,200**	51,200	-	-
Accumulated amortisation and impairment	**(29,651)**	(24,172)	-	-
Total management rights	**24,549**	27,028	-	-
Total intangibles	**146,390**	27,028	-	-

Reconciliations
Reconciliations of the carrying amount of each class of intangible at the beginning and end of the current financial year are set out below:

	Goodwill $'000	Management rights $'000	Total $'000
For the year ended 31 December 2006			
Balance at beginning of financial year	7,278	-	7,278
Acquisitions	-	51,200	51,200
Impairment charge	(7,278)	(21,200)	(28,478)
Amortisation charge	-	(2,972)	(2,972)
Carrying amount at the end of the financial year	-	27,028	27,028
For the year ended 31 December 2007			
Balance at beginning of financial year	**-**	**27,028**	**27,028**
Acquisitions	**121,841**	**3,000**	**124,841**
Impairment charge	**-**	**(1,485)**	**(1,485)**
Amortisation charge	**-**	**(3,994)**	**(3,994)**
Carrying amount at the end of the financial year	**121,841**	**24,549**	**146,390**

13. Intangibles (continued)

Goodwill
Goodwill arose on the acquisition of Halverton Real Estate Investment Management Limited ('Halverton') and Hamburg Trust Grundvermogen und Anlage GmbH ('Hamburg Trust') in 2007 (refer to note 21) and has been allocated to the European funds management CGU.

The recoverable amount of the goodwill has been determined based on fair value less costs to sell. Due to these entities being recently acquired and currently managing approximately AUD $3,000,000,000 in real estate along with the recent launch of two property funds, German Retail Partnership (GRP) and the Dutch Active Fund (DAF) by GPT Halverton since July 2007 with several others in the pipeline, the recoverable amount of the goodwill has been assessed to be the same as its carrying value. No goodwill was impaired or impairment losses reversed during the current financial year.

Management rights
The management rights include asset, property and development management rights of retail shopping centres. The useful life of the rights range between 7.5 to 10 years and amortised over the life of the rights.

	Consolidated entity		Parent entity	
	31 Dec 2007	31 Dec 2006	**31 Dec 2007**	31 Dec 2006
	$'000	$'000	**$'000**	$'000

14. Payables

Current				
Trade payables	**51,388**	34,775	**4,690**	1,154
Accruals	**54,612**	35,975	**17,904**	27,595
Deposits*	**106,465**	-	**-**	-
Other payables	**9,147**	948	**424**	341
Deferred purchase consideration	**44,835**	28,360	**-**	-
Payable to General Property Trust	**1,291**	14,910	**-**	14,910
Payable to other related parties	**208**	-	**-**	17,813
Payable to Babcock & Brown Limited	**21,716**	5,800	**21,716**	5,800
Total Current Payables	**289,662**	120,768	**44,734**	67,613

* **Workplace6**
On 18 December 2007, the Company entered into an agreement with a related party to sell the site known as Workplace6 and received a first instalment by way of consideration. The agreement is conditional on the Company developing Workplace6 to practical completion, at which point the related party has been provided with a call option on the long term lease of the site at practical completion. The second instalment and associated costs of approximately $82,200,000 is conditional on GPT Development Pty Limited achieving practical completion. If practical completion is not achieved on the building, the deposit will be reimbursed. The Company has entered into an agreement to sell Workplace6 - for further details refer to note 12(a).

15. Provisions

Current				
Employee benefits	**6,614**	6,749	**4,061**	3,694
Income tax	**11,413**	1,962	**10,159**	2,687
Other	**2,398**	947	**1,804**	949
Total Current Provisions	**20,425**	9,658	**16,024**	7,330
Non-current				
Employee benefits	**4,636**	4,107	**3,664**	3,037
Total Non-Current Provisions	**4,636**	4,107	**3,664**	3,037

Reconciliations
Reconciliations of the carrying amount for each class of provision, other than employee benefits, at the beginning and end of the current financial year are set out below:

	Consolidated entity	
	Income Tax Provision	**Other Provisions**
	31 Dec 2007	**31 Dec 2007**
Current	**$'000**	**$'000**
Carrying amount at the beginning of the financial year	1,962	947
Cash receipts	-	1,451
Income tax paid	(2,206)	-
True up for prior year	(885)	-
Current income tax expense	12,542	-
Carrying amount at the end of the financial year	**11,413**	**2,398**

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	Note	Consolidated entity 31 Dec 2007 $'000	Consolidated entity 31 Dec 2006 $'000	Parent entity 31 Dec 2007 $'000	Parent entity 31 Dec 2006 $'000
16. Borrowings					
Current - unsecured					
Bank facilities					
Overdraft facility - euro	(i)	**7,843**	-	**-**	-
Bridge facility - US dollar	(ii)	**102,410**	-	**-**	-
Related party borrowings	(iii)	**227,287**	-	**-**	-
Total current borrowings - unsecured		**337,540**	-	**-**	-
Current - secured					
Bank facilities					
US dollar	(iv)	**74,365**	-	**-**	-
euro	(iv)	**166,042**	-	**-**	-
Danish Kroner	(iv)	**27,895**	-	**-**	-
Swedish Kroner	(iv)	**6,328**	-	**-**	-
Total current borrowings - secured		**274,630**			
Total current borrowings		**612,170**	-	**-**	-
Non-Current - unsecured					
Related party borrowings	(v)	**146,856**	48,000	**89,271**	-
Total non-current borrowings		**146,856**	48,000	**89,271**	-
Total borrowings		**759,026**	48,000	**89,271**	-
The maturity profile of the above current and non-current borrowings is:					
Due within one year *		**612,170**	-	**-**	-
Due after five years		**146,856**	48,000	**89,271**	-
		759,026	48,000	**89,271**	-

* Used bank facilities of $274,630,000 (Dec 2006: $nil) in the consolidated entity have been classified as due within one year, which is consistent with the treatment of the secured assets as current inventory. Actual maturity dates of these facilities are due after five years. Refer note 16(a)(iv).

Financing Facilities

		31 December 2007 Total facility $'000	Used facility $'000	Unused facility $'000
Overdraft facility - euro	(i)	9,167	7,843	1,324
Bridge facility - US dollar	(ii)	105,690	102,410	3,280
Bank facilities	(iv)	684,083	274,630	409,453
Related party		604,733	374,143	230,590
Total financing resources available at end of financial year		1,403,673	759,026	644,647

Maturity profile of financing facilities

	Consolidated entity 31 Dec 2007 $'000	Consolidated entity 31 Dec 2006 $'000	Parent entity 31 Dec 2007 $'000	Parent entity 31 Dec 2006 $'000
Due within one year **	**798,940**	-	**-**	-
Due after five years	**604,733**	-	**-**	-
Total financing facilities	**1,403,673**	-	**-**	-

** Total bank facilities of $684,083,000 (Dec 2006: $nil) in the consolidated entity have been classified as due within one year, which is consistent with the treatment of the secured assets as current inventory. Actual maturity dates of these facilities are due after five years. Refer note 16(a)(iv).

16. Borrowings (continued)

Unsecured

(i) Overdraft facility

A Euro €5,500,000 (AUD $9,166,667) overdraft facility was acquired as part of the Company's acquisition of Halverton (refer note 21). At 31 December 2007 the facility is drawn to Euro €4,706,000 (AUD $7,843,333).

(ii) Bridge facility

A USD $40,000,000 (AUD $45,703,839) bridge facility acquired through the Hamburg Trust acquisition (refer note 21) is secured against assets in the Hamburg Trust Alliance Fund (refer note 8). The facility matures on 30 December 2008 and may be extended for a further year upon certain conditions being met. As at 31 December 2007, the facility is fully drawn and the current intention is to repay the facility following the close of the Hamburg Trust Alliance Fund. This facility is classified as current borrowings, which is consistent with the treatment of the secured assets as current inventory.

A USD $52,500,000 (AUD $59,986,289) bridge facility matures 30 December 2008 and may be extended for a further year, upon certain conditions being met. The facility was drawn to USD $50,500,000 (AUD $57,701,097) at 31 December 2007.

(iii) Related party borrowings

A Euro €76,700,000 (AUD $127,833,333) loan to GPT Europe 2 Sarl is at call with no fixed maturity. The loan is comprised of Euro €65,900,000 (AUD $109,833,333) fixed at 5.5% and a non-interest bearing amount of Euro €10,800,000 (AUD $18,000,000). A Euro €59,600,000 (AUD $99,333,333) to Scandinavian Active Fund is at call with no fixed maturity. The loan is comprised of Euro €57,800,000 (AUD $96,333,333) fixed at 8.75% and a non-interest bearing amount of Euro €1,800,000 (AUD $3,000,000).

Secured

(iv) Bank facilities

A USD $72,000,000 (AUD $82,266,910) bank facility acquired through the Hamburg Trust acquisition (refer note 21) is secured against assets in the Hamburg Trust Alliance Fund (refer note 8). As at 31 December 2007, the facility is fully drawn and matures in July 2017. This facility is subject to negative pledge requirements and requirements that the fund complies with certain minimum financial requirements. When the fund closes the facility will be transferred to the new equity holders. This facility is classified as current borrowings, which is consistent with the treatment of the secured assets as current inventory.

A Euro €295,500,000 (AUD $492,500,000) and DKK 297,600,000 (AUD $66,123,048) bank facility maturing July 2014 is available to the H2O Fund, a fund which is owned by GPT and managed by GPT Halverton (refer note 8) to acquire assets. This facility is subject to negative pledge arrangements and requirements that the fund complies with certain minimum financial requirements. The funds raised under this facility are secured against assets in the fund. As at 31 December 2007, this facility has been drawn to Euro €100,900,000 (AUD $168,166,667) and DKK 124,500,000 (AUD $27,895,000) respectively. When the fund closes the facility will be transferred to the new equity holders. This facility is classified as current borrowings, which is consistent with the treatment of the secured assets as current inventory.

A SEK 244,000,000 (AUD $43,193,486) bank facility is available to the Scandinavian Active Fund, a fund owned by GPT and managed by GPT Halverton (refer note 8), to acquire assets. This facility is subject to negative pledge arrangements and requirements that the fund complies with certain minimum financial requirements. The funds raised under this facility are secured against assets in the fund. As at 31 December 2007, the facility is drawn to SEK 35,700,000 (AUD $6,328,333) and matures in February 2015. When the fund closes the facility will be transferred to the new equity holders. This facility is classified as current borrowings, which is consistent with the treatment of the secured assets as current inventory.

(v) Related party borrowings

A Euro €11,200,000 (AUD $18,666,667) loan to BGP (UK) Investments Limited is fixed at 6.4% which resets 18 October 2009. The loan to the Company of $69,410,458, out of a total facility of $300,000,000, is at a floating interest rate of 8.04% for a period of 8 years. The loan to Voyages Hotels & Resorts Pty Limited for $57,321,076 is at a floating interest rate of 9.46 repayable on 30 June 2011, with an option to extend for three years upon issuing notice to the Trust.

		Note	Shares Numbers	Company $'000	External Minority Interest $'000	Total $'000
17. Contributed equity						
1 January 2006	Opening shares on issue		2,016,716,610	302,508	-	302,508
8 June 2006	Issue of shares		24,813,896	4,487	-	4,487
31 December 2006	Closing shares on issue		2,041,530,506	306,995	-	306,995
1 January 2007	Opening shares on issue		**2,041,530,506**	**306,995**	**-**	**306,995**
25 May 2007	Distribution reinvestment plan issue	(a)(i)	**12,105,370**	**2,397**	**-**	**2,397**
21 September 2007	Distribution reinvestment plan issue	(a)(i)	**13,169,408**	**2,239**	**-**	**2,239**
23 November 2007	Distribution reinvestment plan issue	(a)(i)	**10,589,549**	**1,919**	**-**	**1,919**
23 November 2007	Issue of shares/stapled securities	(a)(ii)	**22,219,109**	**4,026**	**-**	**4,026**
			2,099,613,942	**317,576**	**-**	**317,576**

Terms and conditions of contributed equity

(a) Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held. On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each unit is entitled to one vote.

Refer to note 1(b) for further details on the stapling of GPT stapled securities.

(i) Distribution Reinvestment Plan

The GPT Group introduced a Distribution Reinvestment Plan (DRP) to eligible securityholders in March 2007. The DRP first applied to the March 2007 quarterly distribution, which was paid on 25 May 2007, and has subsequently been applied to the June 2007 and September 2007 quarterly distributions. It will also apply to the December 2007 quarterly distribution. The last date for the receipt of an election notice for participation in the DRP is 5pm (Sydney, Australia time) on the record date for the relevant distribution, which in the case of the December quarterly distribution, is 7 March 2008.

Under the terms of the DRP, eligible securityholders are able to elect to reinvest all or part of their quarterly distribution in additional GPT stapled securities, free of any brokerage or other transaction costs, rather than being paid in cash. Securities are issued and/or transferred at a predetermined price, less any discount that the Directors may elect to apply from time to time. The DRP issue price is based on the arithmetic average of the daily volume weighted average price of GPT Group stapled securities traded on the Australian Securities Exchange for the ten business days preceding the relevant quarterly distribution record date, adjusted to an ex-dividend rate, less a 1.5% discount rounded to the nearest cent.

(ii) Underwriting the Distribution Reinvestment Plan

The Company also entered into an underwriting agreement on 17 October 2007. Under this agreement, the Company has the option to elect before each quarterly distribution payment whether to have that distribution underwritten. The terms of the agreement provide the underwriter fully underwrites distribution payments from October 2007 in exchange for GPT stapled securities of securityholders who had elected not to participate in the DRP. The GPT stapled securities are to be issued at the same price as securities issued under the DRP to other GPT securityholders.

At 31 December 2007, 22,219,109 new stapled securities relating to the distribution for the September 2007 quarter were issued under the underwriting agreement.

The March 2007 and June 2007 quarter DRPs were not underwritten.

	Note	Company $'000	External Minority Interest $'000	Total $'000
18. Reserves				
Consolidated entity				
Summary of the types of reserves attributable to members:				
Long term incentive scheme reserve	(a)	(212)	-	(212)
Employee incentive scheme reserve	(b)	49	-	49
Foreign currency translation reserve	(c)	(1,870)	12	(1,858)
Cashflow hedge reserve	(d)	11,489	-	11,489
Total reserves		9,456	12	9,468
Reconciliations				
Reconciliations of each type of reserve at the beginning and end of the current financial year are set out below:				
(a) Long term incentive scheme reserve				
Balance at 1 January 2006		-	-	-
On-market purchase of GPT stapled securities		(1,839)	-	(1,839)
Sale of GPT stapled securities and loan repayments		216	-	216
Balance at 31 December 2006		(1,623)	-	(1,623)
Balance at 1 January 2007		**(1,623)**	**-**	**(1,623)**
On-market purchase of GPT stapled securities		**(17)**	**-**	**(17)**
Sale of GPT stapled securities and loan repayments		**1,428**	**-**	**1,428**
Balance at 31 December 2007		**(212)**	**-**	**(212)**
(b) Employee incentive scheme reserve				
Balance at 1 January 2006		-	-	-
Employee incentive scheme expense, net of tax		43	-	43
Balance at 31 December 2006		43	-	43
Balance at 1 January 2007		**43**	**-**	**43**
Employee incentive scheme expense, net of tax		**6**	**-**	**6**
Balance at 31 December 2007		**49**	**-**	**49**
(c) Foreign currency translation reserve				
Balance at 1 January 2006		2,374	-	2,374
Net foreign exchange translation adjustments, net of tax		(1,629)	-	(1,629)
Balance at 31 December 2006		745	-	745
Balance at 1 January 2007		**745**	**-**	**745**
Net foreign exchange translation adjustments, net of tax		**(2,615)**	**12**	**(2,603)**
Balance at 31 December 2007		**(1,870)**	**12**	**(1,858)**
(d) Cashflow hedge reserve				
Balance at 1 January 2006		-	-	-
Effective portion of changes in fair value of cashflow hedges, net of tax		-	-	-
Balance at 31 December 2006		-	-	-
Balance at 1 January 2007		**-**	**-**	**-**
Effective portion of changes in fair value of cashflow hedges, net of tax		**11,489**	**-**	**11,489**
Balance at 31 December 2007		**11,489**	**-**	**11,489**

		Company $'000	External Minority Interest $'000	Total $'000
18. Reserves (continued)				
Parent entity				
Summary of the types of reserves attributable to members:				
Long term incentive scheme reserve	(a)	(212)	-	(212)
Employee incentive scheme reserve	(b)	49	-	49
Total reserves		(163)	-	(163)
Reconciliations				
Reconciliations of each type of reserve at the beginning and end of the current financial year are set out below:				
(a) Long term incentive scheme reserve				
Balance at 1 January 2006		-	-	-
On-market purchase of GPT stapled securities		(191)	-	(191)
Sale of GPT stapled securities and loan repayments		15	-	15
Balance at 31 December 2006		(176)	-	(176)
Balance at 1 January 2007		**(176)**	**-**	**(176)**
On-market purchase of GPT stapled securities		**(1,464)**	**-**	**(1,464)**
Sale of GPT stapled securities and loan repayments		**1,428**	**-**	**1,428**
Balance at 31 December 2007		**(212)**	**-**	**(212)**
(b) Employee incentive scheme reserve				
Balance at 1 January 2006		-	-	-
Employee incentive scheme expense, net of tax		43	-	43
Balance at 31 December 2006		43	-	43
Balance at 1 January 2007		**43**	**-**	**43**
Employee incentive scheme expense, net of tax		**6**	**-**	**6**
Balance at 31 December 2007		**49**	**-**	**49**

Nature and purpose of reserves

Asset revaluation reserve
The asset revaluation reserve is used to record revaluation increments and decrements on property, plant and equipment.

Long term incentive scheme reserve
The long term incentive scheme reserve is used to record the on-market purchase of GPT stapled securities for eligible senior executives, repayments of the non-recourse loans provided by GPT to eligible senior executives of the Long Term Incentive Scheme and the sale of GPT stapled securities where eligibility ceases under the scheme. Refer to note 24 for further details of the Long Term Incentive Scheme.

Employee incentive scheme reserve
The employee incentive scheme reserve is used to recognise the fair value of securities issued under the Employee Incentive Scheme – General Reserve, as described in note 24(i).

Foreign currency translation reserve
The foreign currency translation reserve is used to record exchange differences arising on translation of foreign controlled entities and associated funding of foreign controlled entities as described in Note 1(e). The movement in the foreign currency reserve is recognised in the Income Statement when the net investment in the foreign controlled entity is disposed.

Cashflow hedge reserve
The cashflow hedge reserve is used to record the effective portion of changes in the fair value of derivatives that are designated and qualify as an effective cash flow hedge, as described in note 1(c)(iii).

	Company $'000	External Minority Interest $'000	Total $'000
19. Retained Profits / (accumulated losses)			
Consolidated entity			
Balance at 1 January 2006	(22,237)	-	(22,237)
Net profit for the financial year	21,437	-	21,437
Balance at 31 December 2006	(800)	-	(800)
Balance at 1 January 2007	**(800)**	**-**	**(800)**
Minority interest on acquisition of controlled entites	**-**	**21,135**	**21,135**
Net profit/(loss) for the financial year	**(19,222)**	**(1,998)**	**(21,220)**
Balance at 31 December 2007	**(20,022)**	**19,137**	**(885)**
Parent entity			
Balance at 1 January 2006	(39,992)	-	(39,992)
Net profit for the financial year	5,835	-	5,835
Balance at 31 December 2006	(34,157)	-	(34,157)
Balance at 1 January 2007	**(34,157)**	**-**	**(34,157)**
Net profit/(loss) for the financial year	**(14,547)**	**-**	**(14,547)**
Balance at 31 December 2007	**(48,704)**	**-**	**(48,704)**

20. Acquisition and disposal of controlled entities

Note 22 sets out the entities which GPT gained control or lost control of during the financial year.

Details of entities disposed of during the financial year are:

	Country of incorporation	Principal activity	Date of disposal	Ownership interest disposed
Hamburg Trust HTG Deutschland 1 GmbH & Co KG	Germany	Funds management	1 November 2007	100.0%
EOF München GmBH & Co KG Zweite Reim KG	Germany	Funds management	1 November 2007	100.0%
EOF München GmBH & Co KG Wohnanlage Reim KG	Germany	Funds management	1 November 2007	100.0%
Dutch Active Fund Propco B.V.	The Netherlands	Funds management	December 2007	62.0%
German Retail FundCo SARL	Luxembourg	Funds management	December 2007	100.0%

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21. Business combinations

(a) Halverton Real Estate Investment Management Limited

The Company acquired 100% of the issued capital of Halverton Real Estate Investment Management Limited and its controlled entities (Halverton) for cash consideration of euro €53,137,584 (AUD$84,928,868) in two separate tranches, as detailed below:

1. in June 2007, Halverton management, who own 50% of Halverton's share capital, agreed to sell their shares to GPT UK Limited. The acquisition was completed on 10 July 2007. The purchase consideration of ordinary equity was euro €32,621,700 (AUD$51,707,845) and an additional cash injection of euro €5,000,000 (AUD$7,925,186), and
2. BGP (UK) Investments Limited owned the remaining 50% of Halverton shares. BGP (UK) Investments Limited was 50% owned by GPT International Pty Limited, a wholly owned entity of the Company. GPT UK Limited acquired the remaining 50% interest in BGP (UK) Investments Limited on 29 November 2007 for euro €15,515,884 (AUD$25,295,837).

Halverton, which has been rebranded as GPT Halverton, is a pan European investment and asset management company employing 125 people and operating in the United Kingdom, France, The Netherlands, Germany, Sweden and Denmark. It has assets under management of over Euro €1.3 billion (AUD$2.2 billion). The entities acquired are set out in note 22.

The fair values of the identifiable assets and liabilities of Halverton and BGP (UK) Investment Limited as at the date of their respective acquisitions were:

	Halverton/BGP (UK) Investments Limited	
	Recognised on acquisition	**Carrying amounts recognised by consolidated entity**
	$'000	**$'000**
Fair value of net assets acquired		
Cash and cash equivalents***	8,229	8,229
Loans and receivables	5,801	5,801
Property, plant and equipment	1,458	1,458
Other assets	386	386
Total assets	15,874	15,874
Payables	16,767	16,767
Borrowings	4,270	4,270
Total liabilities	21,037	21,037
Fair value of identifiable net assets	(5,163)	(5,163)
Fair value adjustment of the net assets of the 50% interest in BGP (UK) Investments Limited*	1,139	1,139
Net fair value of identifiable net assets acquired	(4,024)	(4,024)
Goodwill arising on acquisition	117,632	117,632
Total identifiable net assets and goodwill	113,608	113,608
Consideration		
Purchase consideration - October 2006*	22,580	
Purchase consideration - July 2007**	59,632	
Purchase consideration - November 2007**	25,295	
Costs directly attributable to acquisition	6,101	
Total consideration	113,608	
Net cash outflow on acquisition		
Net cash acquired with controlled entity	8,229	
Cash paid	(48,392)	
Net cash (outflow)/inflow	(40,163)	

* In October 2006, the Company purchased 50% of BGP (UK) Investments Limited for a cash consideration of AUD$22,580,109. The Company's investment was by way of ordinary equity of euro €2,400,000 (AUD$3,984,725) and a loan payable to General Property Trust of euro €11,200,000 (AUD $18,595,384). As a result of the business combination on 10 July 2007, BGP (UK) Investments Limited became a controlled entity.

The AUD $1,139,000 increase in net assets is the result of a fair value adjustment to the net assets of the Company's 50% interest in BGP (UK) Investments Limited at 10 July 2007 and 29 November 2007, which were the dates of the first and second tranches of the business combination.

** The consideration paid for the first tranche on 10 July 2007 was in the form of cash consideration of euro €37,621,700 (AUD$59,633,031) by way of ordinary equity of euro €10,721,000 (AUD$16,994,420) and loans of euro €26,900,700 (AUD$42,638,611). In November 2007, the cash consideration of euro €15,515,884 (AUD$25,295,837) was by way of ordinary equity.

*** Includes cash injection of euro €5,000,000 (AUD$7,925,186) in July 2007.

21. Business combinations (continued)

Other acquisitions during the financial year
The consolidated entity gained control over the following entities, none of which were individually significant to the consolidated entity:

(b) Hamburg Trust
On 3 July 2007, GPT International Pty Limited acquired 60% of the ordinary shares of Hamburg Trust Grundvermogen und Anlage GmbH and its controlled entities (Hamburg Trust) from BGP Investments SARL, an entity owned 50% by the Company through the joint venture arrangement with Babcock & Brown, for cash consideration of euro €300,000 (AUD $477,403).

GPT acquired a further 20% interest in Hamburg Trust on 9 November 2007 bringing GPT's ownership interest to 80%.

The Hamburg Trust is a start up German closed-end funds management business which employs 15 people and undertakes property, asset and investment management activities.

(c) H2O Fund
On 30 August 2007, GPT Europe 2 SARL acquired 94.8% of the ordinary shares of H20 Fundco SARL for approximately AUD$10,000. The entities acquired are set out in note 22.

The fair values of the identifiable assets and liabilities of Hamburg Trust and H20 as at the date of their respective acquisitions were:

	Other acquisitions	
	Recognised on acquisition	**Carrying amounts recognised by consolidated entity**
	$'000	**$'000**
Fair value of net assets acquired		
Cash and cash equivalents	6,063	6,063
Loans and receivables	20,318	20,318
Inventories	328,864	328,864
Property, plant and equipment	534	534
Other assets	7,425	7,425
Total assets	363,204	363,204
Payables	5,606	5,606
Borrowings	350,853	350,853
Provisions	84	84
Other liabilities	4,000	4,000
Total liabilities	360,543	360,543
Minority interests	2,661	2,661
Fair value of identifiable net assets acquired	(141)	(141)
Goodwill arising on acquisition	681	681
Total identifiable net assets and goodwill	540	540
Consideration		
Purchase consideration	496	
Costs directly attributable to acquisition	44	
Total consideration	540	
Net cash outflow on acquisition		
Net cash acquired with controlled entity	6,063	
Cash paid	(540)	
Net cash inflow	5,523	

21. Business combinations (continued)

(d) GPT Residential (Rouse Hill) Trust

On 21 December 2007, GPT Development Pty Limited acquired 52% of the units in GPT Residential (Rouse Hill) Trust for $18,318,000.

	GPT Residential (Rouse Hill) Trust	
	Recognised on acquisition	**Carrying amounts recognised by consolidated entity**
	$'000	**$'000**
Fair value of net assets acquired		
Loans and receivables	37,143	37,143
Equity accounted investments	11,912	11,912
Total assets	49,055	49,055
Borrowings	13,828	13,828
Total liabilities	13,828	13,828
Minority interests	16,909	16,909
Fair value of identifiable net assets acquired	18,318	18,318
Total identifiable net assets and goodwill	18,318	18,318
Consideration		
Purchase consideration	18,318	
Total consideration	18,318	
Net cash outflow on acquisition		
Net cash acquired with controlled entity	-	
Cash paid	(18,318)	
Net cash outflow	(18,318)	

Since acquisition, Halverton, Hamburg Trust, the H20 Fund and GPT Residential (Rouse Hill) Trust have contributed a loss of AUD $11,155,000 to the Company's net profit/(loss) after income tax expense. It is impractical to estimate the total revenues and net profit after income tax expense had the acquisitions occurred on 1 January 2007 as none of the entities were required to report under IFRS prior to acquisition by the Company.

Due to the timing of certain business combinations and audits which were incomplete at the date of this report, certain business combinations were determined using provisional information.

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22. Controlled entities

The following entities were controlled as at the end of the financial year. The consolidated financial statements incorporate the assets, liabilities and results of the following controlled entities in according to the accounting policy described in note 1(c).

Name of entity	Country of of incorporation	Consolidated entity Equity holding		Parent entity Equity holding	
		2007	2006	**2007**	2006
		%	**%**	**%**	**%**
Australian Resorts Pty Limited	Australia	**100.0**	100.0	**-**	-
Bedarra Hideaway Pty Limited	Australia	**100.0**	100.0	**-**	-
Bedarra Island Pty Limited	Australia	**100.0**	100.0	**-**	-
Brampton Island Pty Limited	Australia	**100.0**	100.0	**-**	-
Dunk Island Pty Limited	Australia	**100.0**	100.0	**-**	-
Destinations & Voyages Travel Pty Limited	Australia	**100.0**	100.0	**-**	-
GPT Development Pty Limited	Australia	**100.0**	100.0	**100.0**	100.0
GPT Funds Management Limited	Australia	**100.0**	100.0	**100.0**	100.0
GPT International Pty Limited	Australia	**100.0**	100.0	**100.0**	100.0
GPT Management Holdings Limited	Australia	**100.0**	100.0	**100.0**	100.0
GPT Property Management Pty Limited	Australia	**100.0**	100.0	**100.0**	100.0
GPT RE Limited	Australia	**100.0**	100.0	**100.0**	100.0
Hamburg Trust Australia 1	Australia	**80.0**	-	**-**	-
Heron Island Pty Limited	Australia	**100.0**	100.0	**-**	-
Homemaker Retail Management Pty Limited	Australia	**100.0**	100.0	**99.9**	99.9
Homemaker Property Management Pty Limited	Australia	**100.0**	100.0	**-**	-
Kings Canyon Unit Trust	Australia	**100.0**	100.0		
Lizard Island Pty Limited	Australia	**100.0**	100.0	**-**	-
Silky Oaks Pty Limited	Australia	**100.0**	100.0	**-**	-
The Mutitjulu Foundation Limited	Australia	**100.0**	100.0	**-**	-
Voyages Hotels & Resorts Pty Limited	Australia	**100.0**	100.0	**100.0**	100.0
Voyages Lodges Pty Limited	Australia	**100.0**	100.0	**-**	-
Voyages Mountain & Marine Pty Limited	Australia	**100.0**	100.0	**-**	-
Wrotham Park Lodge Pty Limited	Australia	**100.0**	100.0	**-**	-
Alliance HT Limited Partnership *	United States	**74.4**	-	**-**	-
Alliance HT Mezz LLC*	United States	**74.4**	-	**-**	-
Alliance HT Mezz Limited Partnership*	United States	**74.4**	-	**-**	-
Alliance HTTX Limited Partnership*	United States	**74.4**	-	**-**	-
Alliance HTFL Limited Partnership*	United States	**74.4**	-	**-**	-
Alliance HT GP LLC*	United States	**74.4**	-	**-**	-
Alliance HTTX GP LLC*	United States	**74.4**	-	**-**	-
Alliance HTFL GP LLC*	United States	**74.4**	-	**-**	-
GPT BM Investment LLC	United States	**100.0**	100.0		
GPTMH BM Investment LLC	United States	**100.0**	100.0	**-**	-
GPT US Inc	United States	**100.0**	100.0	**-**	-
BGP (UK) Investments Limited***	United Kingdom	**100.0**	-	**-**	-
Colinsco Limited Partnership*	United Kingdom	**100.0**	-	**-**	-
EB8 Investments 1 Limited*	United Kingdom	**100.0**	-	**-**	-
GPT Halverton Limited (formerly Halverton Real Estate Investment Management Limited)*	United Kingdom	**100.0**	-	**-**	-
GPT Halverton Financial Services Limited (formerly Halverton Financial Services Limited)*	United Kingdom	**100.0**	-	**-**	-
GPT UK Limited	United Kingdom	**100.0**	100.0	**-**	-
Halverton Co-investment Limited*	United Kingdom	**100.0**	-	**-**	-
Halverton EB8 Limited*	United Kingdom	**100.0**	-	**-**	-
Halverton Investments Limited	United Kingdom	**100.0**	-	**-**	-
Halverton Investments (GO) Limited*	United Kingdom	**100.0**	-	**-**	-
Halverton Investment (GRP) Limited (formerly H20 Weert PropCo Limited)*	United Kingdom	**100.0**	-	**-**	-
Halverton Management Limited*	United Kingdom	**100.0**	-	**-**	-
Halverton Secretaries Limited*	United Kingdom	**100.0**	-	**-**	-
JO Property Consulting Limited	United Kingdom	**100.0**	-	**-**	-
Roofgold Limited*	United Kingdom	**100.0**	-	**-**	-

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22. Controlled entities (continued)

Name of entity	Country of of incorporation	Consolidated entity Equity holding		Parent entity Equity holding	
		2007	2006	**2007**	2006
		%	**%**	**%**	**%**
GPT Halverton GmbH (formerly Halverton Real Estate Investment Management GmbH)*	Germany	**100.0**	-	**-**	-
Hamburg Trust Asset Management HTAM GmbH*	Germany	**80.0**	-	**-**	-
Hamburg Trust Beteiligungsmanagement HTB GmbH*	Germany	**80.0**	-	**-**	-
Hamburg Trust Grundvermögen and Anlage GmbH*	Germany	**80.0**	-	**-**	-
Hamburg Trust HTG Australien 1 GmbH & Co KG*	Germany	**80.0**	-	**-**	-
Hamburg Trust HTG Australien 2 GmbH & Co KG*	Germany	**80.0**	-	**-**	-
Hamburg Trust HTG Australien 3 GmbH & Co KG*	Germany	**80.0**	-	**-**	-
Hamburg Trust HTG Deutschland 2 GmbH & Co KG*	Germany	**80.0**	-	**-**	-
Hamburg Trust HTG Deutschland 3 GmbH & Co KG*	Germany	**80.0**	-	**-**	-
Hamburg Trust HTG USA 1 GmbH & Co KG*	Germany	**80.0**	-	**-**	-
Hamburg Trust HTG USA 3 GmbH & Co KG*	Germany	**80.0**	-	**-**	-
Hamburg Trust HTG USA 4 GmbH & Co KG*	Germany	**80.0**	-	**-**	-
Hamburg Trust Treuhand HTT GmbH*	Germany	**80.0**	-	**-**	-
Hamburg Trust Verwaltung HTV USA GmbH*	Germany	**80.0**	-	**-**	-
Hamburg Trust Verwaltung HTV Europa GmbH*	Germany	**80.0**	-	**-**	-
Hamburg Trust Verwaltung HTV Asien GmbH*	Germany	**80.0**	-	**-**	-
HT HTG Australien 1 Beteiligungs GmbH & Co KG*	Germany	**80.0**	-	**-**	-
HT HTG Australien 2 Beteiligungs GmbH & Co KG*	Germany	**80.0**	-	**-**	-
GPT Halverton ApS (formerly Halverton Real Estate Investment Management ApS)*	Denmark	**51.0**	-		
H20 Am Moosfield ApS*	Denmark	**100.0**	-	**-**	-
H20 Berlin Charlottenburg ApS*	Denmark	**100.0**	-	**-**	-
H20 Denmark PropCo ApS*	Denmark	**100.0**	-	**-**	-
H20 France HoldCo ApS*	Denmark	**100.0**	-	**-**	-
H20 France PropCo ApS*	Denmark	**100.0**	-	**-**	-
H20 Gaertringen ApS*	Denmark	**100.0**	-	**-**	-
H20 Germany HoldCo ApS*	Denmark	**100.0**	-	**-**	-
H20 Krefeld Fichtenhain ApS*	Denmark	**100.0**	-	**-**	-
H20 Munster ApS*	Denmark	**100.0**	-	**-**	-
H20 Offenburg ApS*	Denmark	**100.0**	-	**-**	-
H20 Puchheim ApS*	Denmark	**100.0**	-	**-**	-
H20 Sinisheim ApS*	Denmark	**100.0**	-	**-**	-
GPT Europe SARL	Luxembourg	**100.0**	100.0	**-**	-
GPT Europe 2 SARL	Luxembourg	**100.0**	-	**-**	-
GPT Europe Finance SA	Luxembourg	**100.0**	100.0	**-**	-
H20 Finland LuxCo SARL*	Luxembourg	**100.0**	-	**-**	-
H20 FundCo SARL*	Luxembourg	**100.0**	-	**-**	-
HBI Lux PropCo A SARL*	Luxembourg	**100.0**	-	**-**	-
H20 LuxCo SARL*	Luxembourg	**100.0**	-	**-**	-
H20 Finland HoldCo OY*	Finland	**100.0**	-	**-**	-
H20 Propco One OY*	Finland	**100.0**	-	**-**	-
H20 Amsterdam BV (formerly H20 Dutch II BV)*	The Netherlands	**100.0**	-	**-**	-
H20 Dutch BV *	The Netherlands	**100.0**	-	**-**	-
GPT Halverton B.V. (formerly Halverton Real Estate Investment Management B.V.)*	The Netherlands	**100.0**	-	**-**	-
Wooloomooloo Investments BV*	The Netherlands	**100.0**	-	**-**	-
Benelux Industrial Partnership General Partner BV*	The Netherlands	**100.0**	-	**-**	-
Benelux Industrial Partners German Holdco BV*	The Netherlands	**100.0**	-	**-**	-
Halverton SAS (formerly Halverton Real Estate Investment Management SAS)*	France	**100.0**	-	**-**	-
GPT Halverton AB (formerly Halverton Real Estate Investment Management AB)*	Sweden	**100.0**	-	**-**	-
GPT Halverton AB*	Sweden	**100.0**	-	**-**	-
GPT MaltaCo 1 Limited	Malta	**100.0**	100.0	**100.0**	100.0
GPT MaltaCo 2 Limited	Malta	**100.0**	100.0	**-**	-

* Controlled entities acquired during the financial year (refer to note 21).
The proportion of ownership interest is equal to the proportion of voting power held.

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23. Key management personnel disclosures

(a) Details of Key Management Personnel

(i) Directors

The Directors of GPT Management Holdings Limited during the financial year and up to the date of this report were:

Peter Joseph
Eric Goodwin
Malcolm Latham
Nic Lyons
Ian Martin
Anne McDonald
Ken Moss
Elizabeth Nosworthy

(ii) Other key management personnel

In addition to the Directors, the following persons also had the greatest authority for the strategic direction and management of the Company, directly or indirectly, during the financial year:

Michael O'Brien	Chief Operating Officer
Kieran Pryke	Chief Financial Officer
Neil Tobin	General Manager - Joint Venture
Jonathon Johnstone	Head of Europe
Mark Fookes	Head of Retail
Nicholas Harris	Head of Wholesale
James Coyne	General Counsel and Secretary

(b) Key management personnel compensation

	Consolidated entity		Parent entity	
	31 Dec 2007	31 Dec 2006	**31 Dec 2007**	31 Dec 2006
	$'000	$'000	**$'000**	$'000
Short term employee benefits	**10,011**	7,569	**10,011**	7,569
Post employment benefits	**193**	313	**193**	313
Other long term benefits	**3,740**	4,534	**3,740**	4,534
Total key management personnel compensation	**13,944**	12,416	**13,944**	12,416

The Company has applied the exemption under the Corporation *Amendments Regulation 2006* which exempts listed entities from duplicating key management personnel disclosures in the annual financial statements. As such, detailed remuneration disclosures are provided in section 3.3 and 3.4 of the Remuneration Report at Tables D and E.

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23. Key management personnel disclosures (continued)

(c) Equity instrument disclosures relating to key management personnel

The number of GPT stapled securities held during the financial year by each key management personnel, including their personally-related parties, are set out below:

	Balance 1 Jan 2006	Purchases/ (Sales)	Balance 31 Dec 2006	Purchases/ (Sales)	Balance 31 Dec 2007
Directors					
Peter Joseph	50,000	-	50,000	-	50,000
Eric Goodwin	10,000	1,241	11,241	534	11,775
Malcolm Latham	13,195	-	13,195	-	13,195
Nic Lyons	50,000	684,116	734,116	434,999	1,169,115
Ian Martin	50,000	1,241	51,241	-	51,241
Anne McDonald	-	10,500	10,500	-	10,500
Ken Moss	25,000	1,241	26,241	-	26,241
Brian Norris [1]	4,097	-	-	-	-
Elizabeth Nosworthy	5,000	1,241	6,241	296	6,537
Senior Executives					
Michael O'Brien	-	298,476	298,476	254,658	553,134
James Coyne	-	135,369	135,369	40,938	176,307
Kieran Pryke	5,053	246,173	251,226	78,922	330,148
Neil Tobin	5,000	225,975	230,975	111,623	342,598
Mark Fookes	3,500	248,385	251,885	94,735	346,620
Jonathan Johnstone [3]	-	179,787	179,787	42,728	222,515
Nicholas Harris	-	190,627	190,627	50,217	240,844
Bruce Morris [2]	-	208,738	208,738	-	-

[1] B.Norris resigned during the year and his holdings as at 31 December 2006 is not shown.
[2] B.Morris is not part of the key management personnel in 2007.
3 J.Johnstone is part of the key management personnel in 2007.

(d) Loans to key management personnel

Details of loans made during the financial year to each key management personnel, including their personally related parties, are set out below:

	Opening Balance 1 Jan 2007 $	Loans made during the year $	Interest charged for the year $	Interest not charged for the year* $	Closing Balance 31 Dec 2007 $	Highest indebtedness during the year $
Nic Lyons	2,820,098	2,223,997	243,229	162,840	4,891,401	5,016,684
Michael O'Brien	1,209,782	1,301,977	116,811	78,204	2,440,195	2,500,000
James Coyne	558,025	209,302	39,858	26,684	741,132	761,903
Kieran Pryke	1,035,398	403,235	74,488	49,870	1,389,771	1,428,569
Neil Tobin	926,410	570,689	74,170	49,657	1,449,724	1,488,095
Mark Fookes	1,013,600	484,347	76,132	50,969	1,448,552	1,488,095
Jonathan Johnstone	141,133	218,453	50,803	34,012	925,828	952,377
Nicholas Harris	881,834	256,742	60,432	40,459	1,102,360	1,130,948
Bruce Morris [1]	860,471	-	-	-	-	-

* The amounts shown for 'interest not accrued' represent the difference the amount paid and payable for the financial year and interest that would have been charged on an arm's length basis.

[1] B.Morris is not part of the key management personnel for 2007.

All these loans are pursuant to the Employee Incentive Scheme (EIS) - refer to note 24 for details.

(e) Other transactions with key management personnel

There have been no transactions with key management personnel other than those transactions outlined above.

24. Shared based payments

GPT has an employee incentive scheme that contains two qualifying levels, as detailed below.

Employee Incentive Scheme
The Employee Incentive Scheme (EIS), which was approved by shareholders at the 2005 annual general meeting, is a scheme under which GPT stapled securities are issued or purchased on-market on behalf of GPT employees for no cash consideration.

The EIS has two qualifying levels – the 'General Scheme' which applies to all GPT employees (other than certain Senior Executives) and the 'Long Term Incentive (LTI) Scheme' where participation is only offered to certain Senior Executives by the GPT Board.

Under the General Scheme, all permanent employees (excluding non-executive directors) who are continuously employed by GPT for greater than one year are eligible to participate. Purchase of GPT stapled securities is by employee loan, which is made available to participating employees by the Scheme Administrator, to fund the acquisition of GPT stapled securities. The Scheme Administrator must use the loan proceeds to acquire GPT stapled securities on-market or to subscribe for the issue of new GPT Securities.

All GPT stapled securities are acquired on-market at the market price prevailing at the time of acquisition or when new GPT stapled securities are issued. The market price is determined as the weighted average of GPT stapled securities traded on the ASX during the five trading days up to and including the day the GPT stapled securities are issued.

(i) The General Scheme
Under the General Scheme, employees may participate in the EIS up to a nominated percentage of their Total Package Value (TPV). TPV includes cash, superannuation and other salary sacrifice items and FBT. Where an employee's TPV is increased following a remuneration review, the employee loan may increase up to the nominated percentage of the new TPV. At 31 December 2007, the nominated percentage is 20%.

The employee loans made under the Scheme are interest free, have no fixed term and are non-recourse. The interest component is a cost to GPT. After deducting amounts for tax on the participating employee's income, the loans are repaid using net distributions from GPT stapled securities and while the employee loan remains outstanding, the GPT stapled securities are held subject to a holding lock and are not able to be transferred or otherwise dealt with.

(ii) The Long Term Incentive (LTI) Scheme
The Board of GPT, on the recommendation of the Nomination and Remuneration Committee, determines the GPT Senior Executives eligible to participate in the LTI Scheme and, for each participating executive, their maximum potential LTI and loan amount, calculated by reference to a percentage of their TPV having regard to the advice received from external remuneration consultants.

Employee loans made under the LTI Scheme have no fixed term and are interest bearing. Interest is calculated on a simple basis at 5.9% (2006: 5.6%). After deducting amounts for tax on the participating employee's income, the loans are repaid using net distributions from GPT stapled securities and while the employee loan remains outstanding, the GPT stapled securities are held subject to a holding lock and are not able to be transferred or otherwise dealt with.

Except in defined circumstances, the loan has full recourse. Where the employee leaves GPT, the employee loan and the accumulated cost of providing the loan at that time must be repaid (either by the sale of securities or some other source of funds).

However, at the discretion of the Board, the loan and outstanding interest may be waived on retirement of the employee, on death or total permanent disability of the employee, on redundancy without cause of the employee or on takeover.

Fair value of security based payment
Under the requirements of AASB 2, loans granted under the General Scheme are accounted for as 'options' because the loans are non-recourse. The assessed fair value is expensed to the Income Statement as the stapled securities vest immediately. Fair value at grant date has been independently determined using the Monte Carlo pricing model that takes into account grant date, security price at grant date, the current price of the GPT stapled securities, staff turnover rate, voluntary exercise rate, the risk free interest rate, expected dividend yield, impact of dilution and expected volatility of the GPT stapled securities for the term of the GPT stapled security. The fair value of the 'options' was calculated as 95.0c per stapled security (2006: 95.0c per security).

Employee Incentive Scheme
The GPT stapled securities issued under the Employee Incentive Scheme to participating employees are set out below:

	Number of GPT stapled securities issued during the year		Total number of GPT stapled securities issued	
	31 Dec 2007	31 Dec 2006	**31 Dec 2007**	31 Dec 2006
GPT stapled securities issued under the 'General Scheme'	**394,569**	1,296,815	**1,691,384**	1,296,815
GPT stapled securities issued under the 'Long Term Incentive Scheme'	**2,735,376**	5,710,332	**8,445,708**	5,710,332

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for the year ended 31 December 2007

25. Related party transactions

(a) Ultimate Parent

GPT Management Holdings Limited is the ultimate Australian parent entity.

(b) Controlled entities, joint ventures and associates

Equity interests in controlled entities, joint ventures and associates are set out in notes 22 and 10. Loans provided to joint ventures and associates as part of the funding of those arrangements are set out in note 7(b). Details of the parent entity interests in controlled entities are set out in note 22.

(c) Key management personnel

Disclosures relating to key management personnel are set out in note 23 and remuneration paid to directors of the ultimate parent entity is set out in the Remuneration Report within the Directors' Report. Included within note 23(b) in 'other key management personnel' are Elizabeth Nosworthy and Ian Martin who are directors of Babcock & Brown Limited, with whom GPT has a joint venture arrangement. The remuneration they received was transacted at arms length.

(d) Transactions with related parties

		Consolidated entity		Parent entity	
		31 Dec 2007	31 Dec 2006	**31 Dec 2007**	31 Dec 2006
	Note	**$'000**	$'000	**$'000**	$'000
Transactions with General Property Trust (Trust)					
Revenue					
Fund management fees - from Trust		**30,372**	23,555	**21,194**	14,266
Property management fees - from Trust		**16,730**	15,392	**-**	-
Development management fees - from Trust		**13,462**	14,075	**-**	-
Management costs recharged - from Trust		**5,250**	5,058	**1,030**	995
Interest revenue received - from Trust		**-**	2,385	**-**	2,385
Expenses					
Cost associated with internalisation advanced to Trust		**3,785**	11,253	**3,785**	11,253
Property rent and outgoings paid to Trust		**60,004**	61,577	**947**	809
Interest paid to Trust		**18,084**	-	**7,248**	-
Other transactions					
Loan advanced from Trust		**303,985**	14,910	**33,424**	14,910
Loan repayments to Trust		**-**	110,485	**-**	110,485
Payroll costs recharged to Trust		**5,827**	13,971	**5,827**	13,971
Transactions with employees					
Payments for Employee Incentive Scheme, net of distributions		**15,487**	30,195	**15,285**	30,195
Interest received from employees in the Employee Incentive Scheme		**2,033**	1,236	**2,033**	1,236
Contributions to superannuation funds on behalf of employees		**7,708**	7,481	**2,429**	1,899
Transactions with GPT Wholesale Office Fund (GWOF)					
Revenue					
Responsible Entity fees received from GWOF		**22,761**	8,676	**-**	-
Development management fees - from GWOF		**1,006**	-	**-**	-
Directors fees recharged to GWOF		**139**	77	**-**	-
Other transactions					
Current receivable outstanding from GWOF		**9,985**	6,736	**-**	-
Current payable outstanding from GWOF		**28**	-	**-**	-
Transactions with GPT Wholesale Shopping Centre Fund (GWSCF)					
Revenue					
Responsible Entity fees received from GWSCF		**7,888**	-	**-**	-
Directors fees recharged to GWSCF		**84**	-	**-**	-
Property Management fees - from GWSCF		**6,202**	-	**-**	-
Development management fees - from GWSCF		**3,147**	-	**-**	-
Management costs recharged - from GWSCF		**410**		**410**	
Expenses					
Payroll costs recharged to GWSCF		**4,789**	-	**4,789**	-
Other transactions					
Current receivable outstanding from GWSCF		**4,797**	-	**-**	-
Current payable outstanding from GWSCF		**28**	-	**-**	-

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25. Related party transactions (continued)

(d) Transactions with related parties (continued)

		Consolidated entity		Parent entity	
		31 Dec 2007	31 Dec 2006	**31 Dec 2007**	31 Dec 2006
	Note	**$'000**	$'000	**$'000**	$'000
Transactions with controlled entities					
Revenue					
Distributions from controlled entities		**-**	-	**3,369**	16,119
Overhead revenue received from controlled entities		**-**	-	**45,304**	35,912
Expenses					
Remuneration expenses paid to controlled entities				**45,304**	35,912
Interest paid to subsidiaries		**-**	-	**1,530**	581
Other transactions					
Loan advanced from controlled entities		**-**	-	**14,344**	11,000
Loan repayments to controlled entities		**-**	-	**-**	(230)
Loan advanced to controlled entities		**-**	-	**196**	79,699
Investment in controlled entities		**-**	-	**149,008**	63,023
Transactions with joint ventures and associates					
Revenue					
Distributions from associate		**245**	159	**-**	-
Acquisition fees		**429**	-	**429**	-
Interest revenue received		**70**	-	**12**	-
Other Transactions					
Investment in BGP Investment S.a.r.l.		**57,403**	52,413	**-**	-
Repayment of investment in BGP Investment S.a.r.l.		**(10,138)**	-		
Investment in B&BGPT Alliance I LLC		**492**	2,034	**-**	-
Repayment in BGP UK Investment Limited		**(1,523)**	3,079	**-**	-
Investment in BGA Finance Real Estate Trust		**2,990**	-	**-**	-
Investment in Dutch Active Fund PropCo B.V.	10	**49,043**	-	**-**	-
Investment in Benchmark Assisted Living, LLC		**-**	4,505	**-**	-
Investment in B-VII Operations Holding Company, LLC		**2,170**	321	**-**	-
Promissory Note advanced to Benchmark Assited Living, LLC		**-**	-	**-**	-
Investment in Lend Lease / GPT (Rousehill) Pty Ltd	10	**11,912**	-	**-**	-

Terms and conditions
Transactions relating to distributions were on the same terms and conditions that applied to other shareholders.

The loan receivable/payable from/to the related party is at a floating interest rate which is reset each reporting period, the average rate of interest charged is 7.58% (Dec 2006: 7.25%) with no fixed term for the repayment of the loan between the parties. The loan is repayable on demand but it is not expected to be recalled. Outstanding balances are unsecured and are repayable in cash and callable on demand.

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	Consolidated entity		Parent entity	
	31 Dec 2007	31 Dec 2006	**31 Dec 2007**	31 Dec 2006
	$'000	$'000	**$'000**	$'000
26. Notes to the Statement of Cashflow				
(a) Reconciliation of net profit after income tax expense to net cash inflows from operating activities				
Net profit for the financial year	**(21,220)**	21,437	**(14,547)**	5,835
Dividends from associates and joint ventures	**-**	-	**21,716**	(16,119)
Fair value adjustments to equity accounted entities	**12,304**	(63,526)	**-**	-
Employee incentive security scheme expense	**286**	953	**152**	861
Impairment expense	**1,485**	31,685	**(3,009)**	8,848
Depreciation and amortisation expense	**7,146**	4,835	**1,352**	521
Net foreign currency exchange (gains) / losses	**2,941**	-	**120**	-
Net gain on disposal of assets	**(285)**	-	**-**	-
Net gain on fair value of derivatives	**(1,024)**	-	**-**	-
Interest on related party loan	**(2,033)**	(2,385)	**(2,033)**	(2,385)
Changes in operating assets and liabilities:				
Decrease / (increase) in receivables	**23,817**	(15,521)	**33,580**	7,673
Increase / (decrease) in payables	**32,366**	24,115	**187**	17,659
Decrease / (increase) in deferred tax asset	**(3,867)**	(1,909)	**(2,649)**	(195)
Net cash outflows/(inflows) from operating activities	**51,916**	(316)	**34,869**	22,698

(b) Reconciliation of cash

Reconciliation of cash at the end of the financial year (as shown in the Statement of Cashflow) to the related item in the financial statements as follows:

Cash at bank and on hand	**47,875**	24,354	**4,986**	3,320
Total cash and cash equivalents	**47,875**	24,354	**4,986**	3,320

(c) Non-cash financing and investing activities

$6,555,000 of distributions satisfied by way of the issue of stapled securities under the distribution reinvestment plan (DRP) is shown in note 17.

27. Contingent Assets and Liabilities

Except for the matters below, there are no other material contingent assets or liabilities at reporting date.

GPT Wholesale Office Fund (GWOF)

At 31 December 2007, the GWOF outperformed the benchmark. Due to the fee cap, the performance fee was limited to $11,380,384 (2006: $4,388,000) for the twelve months to 31 December 2007. The discounted outperformance of $44,590,570 (2006: $9,311,000) has been carried forward to future periods. As the amount of the outperformance may fluctuate in future periods, the amount is contingent on future events not wholly within the control of the Company and as such has not been recognised as income/ a receivable on the balance sheet at 31 December 2007.

28. Commitments

(a) Capital expenditure commitments

At 31 December 2007, the Company has commitments relating to the purchase of property, plant and equipment and other investments which have been approved but not recognised as liabilities in the balance sheet, as set out below:

	Consolidated entity		Parent entity	
	31 Dec 2007	31 Dec 2006	**31 Dec 2007**	31 Dec 2006
	$'000	$'000	**$'000**	$'000
Due within 1 year	**143,506**	171,435	**-**	-
Due between 1 and 5 years	**-**	93,277	**-**	-
Total capital expenditure commitments	**143,506**	264,712	**-**	-

(b) Operating lease commitments

At 31 December 2007, the future minimum rentals payable under non-cancellable operating leases are as follows:

Due within 1 year	**89,236**	41,119	**3,479**	2,417
Due between 1 and 5 years	**285,456**	75,249	**5,160**	5,697
Due between 5 years and expiry date of leases	**169,334**	87,056	**-**	-
Total operating lease commitments	**544,026**	203,424	**8,639**	8,114

The Company has entered into commercial leases on motor vehicles, office equipment, office premises, ground leases on certain leasehold properties and hereditary building rights.

The most significant lease commitments are:

- $31,000,000 (Dec 2006: $28,777,793) for three (Dec 2006: three) leasehold properties in Germany held in the joint venture, BGP Investment SARL, with durations between 4 to 31 years, and

- $51,600,000 (Dec 2006: $53,605,967) for the use of Lizard Island, QLD until 2033. The lease payments comprise a turnover rent of 10% of all beverages sold and 20% of all accommodation and meal revenues, calculated semi-annually and a standard monthly rental which is increased every 2 years by an amount that is contingent on movements in the consumer price index relevant for Brisbane, QLD. At 31 December 2007, the contingent rents payable have not been included in the above operating lease commitments.

The hereditary building rights of $76,500,000 (Dec 2006: $21,828,174) relate to six (Dec 2006: three) properties in Germany which are held in the joint venture, BGP Investment SARL, with durations between 41 and 197 years and have been discounted in the above operating lease commitments.

(c) Commitments relating to associate and joint venture investments

The above commitments include the Company's share of commitments relating to associate and joint venture investments. Refer to note 10(e) for the share of associates and joint venture entities' commitments.

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29. Financial and capital risk management disclosures

(a) Financial risk management

The GPT Group's objective when managing capital is to optimise its cost of capital having regard to the real estate market's in which it is invested.

The GPT Group's Treasury Risk Management Committee (TRMC) oversees the establishment and implementation of the capital risk management system which identifies, evaluates, classifies, monitors, qualifies and reports significant risks to the Audit and Risk Management Committee (ARMC') and, through the ARMC, to the GPT Group Board. The Company applies this risk management system to manage its own risks.

The financial risks that result from the Company's activities are market risk (foreign exchange risk and interest rate risk), credit risk, liquidity risk and refinancing risk. The Company manages its exposures to these key financial risks in accordance with its Treasury risk management policy which forms part of the capital risk management systems which focuses on mitigating against the impact of volatility in financial markets.

The Company uses various methods to measure and manage these types of risks. The main methods include monitoring levels of exposure and conducting sensitivity analysis in the case of interest rate and foreign exchange risks. Ageing analysis, monitoring of credit allowances and dealing with financial institutions that have at least a credit rating of: AA- (or its equivalent) from one of S&P, Moody's or Fitch are methods undertaken to manage credit risk. Liquidity risk is monitored through the development of future rolling cash flow forecasts. Derivative financial instruments and non-financial instruments are used to manage these risks, as discussed at (b) to (f) below. The consolidated and parent entity's principal financial instruments are set out in note 1(v).

(b) Credit risk

Credit risk is the risk that a contracting entity will not complete its obligations under a financial instrument and result in a financial loss. The consolidated and parent entity has exposure to credit risk on all financial assets included in their balance sheets.

The risk is managed by:
- establishing credit limits for customers that the consolidated and parent entity trades with and managing its exposure to individual entities
- transacting with multiple derivative counterparties that have a long term credit rating of at least AA- (or its equivalent) from S&P, Moodys or Fitch
- providing loans as an investment to joint ventures, associates and third parties where it is comfortable with the underlying property exposure within that entity
- regularly monitoring loans and receivables balances on an ongoing basis
- regularly monitoring the performance of its associates, joint ventures and third parties on an ongoing basis, and
- obtaining collateral as security (where appropriate).

At 31 December 2007, the maximum exposure to credit risk is the carrying amounts of financial assets recognised in the balance sheet of the consolidated and parent entity. The consolidated and parent entity holds no significant collateral as security and the credit quality of all financial assets that are neither past due nor impaired is consistently monitored in order to identify any potential adverse changes in the credit quality.

Derivative counterparties and cash transactions are limited to financial institutions that meet the treasury risk management policy's minimum credit rating criteria. Credit risk arising on loans and receivable balances is monitored on an ongoing basis with the result that the exposure to bad debts by the consolidated and parent entity is not significant. There are no significant financial assets that have had renegotiated terms that would otherwise have been past due or impaired.

For the consolidated entity, the ageing analysis of current loans and receivables at 31 December 2007 is as follows: $145,456,700 (0-30 days), $6,398,300 (31-60 days), $1,940,700 (61-90 days) and $3,690,000 (90+ days). The amounts of 61 days and over are past due but no loans and receivables are impaired. For the parent entity, the ageing analysis of current loans and receivables at 31 December 2007 is as follows: $410,000 (0-30 days) and $13,380,000 (90+ days). The amounts of 61 days and over are past due but no loans and receivables are impaired.

As at 31 December 2007, there is no significant concentration of credit risk in the consolidated or parent entity, on a look through basis of loans and receivables balances to the underlying property exposures, with the aggregate exposure to tenancies across the portfolio.

(c) Liquidity risk

Liquidity risk includes the risk that the consolidated and parent entity, as a result of its operations:
- will not have sufficient funds to settle a transaction on the due date;
- will be forced to sell financial assets at a value which is less than what they are worth; or
- may be unable to settle or recover a financial asset at all.

Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities (refer to note 16) and the ability to close out market positions and the option to raise funds through the issue of new stapled securities or DRP, as discussed in note 17(a)(i) and (ii). The timing of cashflows on the borrowings, based on their maturity profile, is set out in note 16.

The Company's main liquidity risk is its ability to refinance its current borrowings.

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29. Financial and capital risk management disclosures (continued)

(c) Liquidity risk (continued)

The table below shows an analysis of the contractual maturities of key assets and liabilities which forms part of the Company's assessment of liquidity risk. The funding requirement to meet contractual maturities in 2008 is available through existing unused facilities with the Trust and the funds available through the issue of new shares through the DRP.

		31 December 2007				31 December 2006			
	Note	Due within one year $'000	Due between one and five years $'000	Due after five years $'000	Total $'000	Due within one year $'000	Due between one and five years $'000	Due after five years $'000	Total $'000
Consolidated entity									
Financial assets									
Cash and cash equivalents	26(b)	**47,875**	**-**	**-**	**47,875**	24,354	-	-	24,354
Warehoused property *	8	**397,288**	**-**	**-**	**397,288**	-	-	-	-
Loans and receivables (current)	7(a)	**157,486**	**-**	**-**	**157,486**	45,621	-	-	45,621
Loans and receivables (non-current)	7(b)	**-**	**92,544**	**37,851**	**130,395**	-	23,848	790	24,638
Derivative assets	9	**1,552**	**-**	**-**	**1,552**	-	-	-	-
Total financial assets		**604,201**	**92,544**	**37,851**	**734,596**	69,975	23,848	790	94,613
Financial liabilities									
Payables	14	**289,662**	**-**	**-**	**289,662**	120,768	-	-	120,768
Derivative liabilities	9	**497**	**-**	**-**	**497**	-	-	-	-
Borrowings									
- overdraft	16(i)	**7,843**	**-**	**-**	**7,843**	-	-	-	-
- bridge facilities *	16(ii)	**102,410**	**-**	**-**	**102,410**	-	-	-	-
- related parties	16(iii)	**-**	**-**	**374,143**	**374,143**	-	-	48,000	48,000
- bank facilities (secured) *	16(iv)	**274,630**	**-**	**-**	**274,630**	-	-	-	-
Total financial liabilities		**675,042**	**-**	**374,143**	**1,049,185**	120,768	-	48,000	168,768
Net maturity		**(70,841)**	**92,544**	**(336,292)**	**(314,589)**	(50,793)	23,848	(47,210)	(74,155)
Parent entity									
Financial assets									
Cash and cash equivalents	26(b)	**4,986**	**-**	**-**	**4,986**	3,320	-	-	3,320
Loans and receivables (current)	7(a)	**13,797**	**-**	**-**	**13,797**	111,675	-	-	111,675
Loans and receivables (non-current)	7(b)	**-**	**35,011**	**-**	**35,011**	126	22,478	-	22,604
Total financial assets		**18,783**	**35,011**	**-**	**53,794**	115,121	22,478	-	137,599
Financial liabilities									
Payables	14	**44,734**	**-**	**-**	**44,734**	67,613	-	-	67,613
Derivative liabilities	9	**-**	**-**	**-**	**-**	-	-	-	-
Borrowings									
- overdraft	16(i)	**-**	**-**	**-**	**-**	-	-	-	-
- bridge facilities	16(ii)	**-**	**-**	**-**	**-**	-	-	-	-
- related parties	16(iii)	**-**	**-**	**89,271**	**89,271**	-	-	-	-
- bank facilities (secured)	16(iv)	**-**	**-**	**-**	**-**	-	-	-	-
Total financial liabilities		**44,734**	**-**	**89,271**	**134,005**	67,613	-	-	67,613
Net maturity		**(25,951)**	**35,011**	**(89,271)**	**(80,211)**	47,508	22,478	-	69,986

* The contractual maturities of borrowings differ from note 16 as borrowings associated with the warehoused property investments have been reclassified to their contractual maturities.

In addition to the above table, the notional amount and maturity profile of swaps and foreign exchange contracts are set out in note 29(e)(i).

(d) Refinancing risk

The risk that unfavourable interest rate and credit market conditions result in an unacceptable increase in the consolidated entity's credit margins and interest cost. Refinancing risk arises when the consolidated entity is required to obtain debt to fund existing and new debt positions.

Through the Trust, the consolidated entity is exposed to refinancing risks arising from the availability of finance as well as the interest rates and credit margins at which financing is available. The Trust manages this risk by spreading maturities of borrowings and interest rate swaps, using interest rate derivatives to hedge known and forecast positions and reviewing potential transactions to understand the impact on the credit rating.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2007

29. Financial and capital risk management disclosures (continued)

(e) Interest rate risk

Interest rate risk refers to the risk that the value of a financial instrument or cash flows associated with the instrument will fluctuate due to changes in market interest rates.

(i) Interest rate risk exposures and maturity profile

The consolidated entity's exposure to interest rate risk, categorised by the earlier of contractual repricing dates or maturity dates, together with the face value of interest rate swaps currently in place is set out in the below table.

Exposures arise from assets and liabilities bearing floating interest rates as the consolidated entity intends to hold fixed rate liabilities to maturity. As at 31 December 2007, the consolidated entity had 65.1% of financial assets and 75.1% of financial liabilities fixed (Dec 2006: 51.8% of financial assets and 59.3% of financial liabilities fixed) and the parent entity 90.3% of financial assets and 33.4% of financial liabilities fixed (Dec 2006: 99.0% of financial assets and 51.6% of financial liabilities fixed).

Consolidated entity
31 December 2007

		Fixed interest maturing in							
	Floating interest rate	1 year or less	Over 1 year to 2 years	Over 2 to 3 years	Over 3 to 4 years	Over 4 to 5 years	Over 5 years	Non-interest bearing	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Financial assets									
Cash and cash equivalents									
- Australian dollar	28,244	-	-	-	-	-	-	-	28,244
- Euro	19,592	-	-	-	-	-	-	-	19,592
- United States dollar	39	-	-	-	-	-	-	-	39
Loans and Receivables									
- Australian dollar	73,108	-	-	-	-	-	-	40,292	113,400
- Euro	-	-	-	-	-	-	-	97,965	97,965
- United States dollar	-	-	56,580	-	-	-	708	19,227	76,516
Other assets									
- Australian dollar	-	-	-	-	-	-	-	6,533	6,533
- Euro	-	-	-	-	-	-	-	2,835	2,835
- United States dollar	-	-	-	-	-	-	-	-	-
Derivative financial instruments	-	-	-	-	-	-	-	1,552	1,552
Total financial assets	120,983	-	56,580	-	-	-	708	168,404	346,676
Financial liabilities									
Payables									
- Australian dollar	-	-	-	-	-	-	-	204,611	204,611
- Euro	-	-	-	-	-	-	-	74,878	74,878
- United States dollar	-	-	-	-	-	-	-	10,173	10,173
Borrowings									
- Australian dollar	146,856	-	-	-	-	-	-	-	146,856
- Euro	173,885	227,287	-	-	-	-	-	-	401,172
- United States dollar	102,410	74,365	-	-	-	-	-	-	176,775
- Swedish Kroner (SEK)	6,328	-	-	-	-	-	-	-	6,328
- Danish Kroner (DKK)	27,895	-	-	-	-	-	-	-	27,895
Derivative financial instruments	-	-	-	-	-	-	-	497	497
Total financial liabilities	457,374	301,652	-	-	-	-	-	290,159	1,049,185
Interest rate swaps									
- Euro	(168,098)	168,098	-	-	-	-	-	-	-
- Danish Kroner (DKK)	(27,895)	27,895							
Total financial liabilities adjusted for interest rate swaps	261,381	497,645	-	-	-	-	-	290,159	1,049,185

31 December 2006

Financial assets									
Cash and cash equivalents									
- Australian dollar	24,334	-	-	-	-	-	-	-	24,334
- United States dollar	20	-	-	-	-	-	-	-	20
Loans and Receivables									
- Australian dollar	23,848	-	-	-	-	-	-	45,621	69,469
- United States dollar	-	-	-	-	-	-	790	-	790
Other financial assets									
- Australian dollar	-	-	-	-	-	-	-	5,337	5,337
Total financial assets	48,202	-	-	-	-	-	790	50,958	99,950
Financial liabilities									
Payables									
- Australian dollar	20,710	-	-	-	-	-	-	100,058	120,768
Borrowings									
- Australian dollar	48,000	-	-	-	-	-	-	-	48,000
Total financial liabilities	68,710	-	-	-	-	-	-	100,058	168,768

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2007

29. Financial and capital risk management disclosures (continued)

(i) Interest rate risk exposures and maturity profile (continued)

Parent entity
31 December 2007

		Fixed interest maturing in							
	Floating interest rate	1 year or less	Over 1 year to 2 years	Over 2 to 3 years	Over 3 to 4 years	Over 4 to 5 years	Over 5 years	Non-interest bearing	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Financial assets									
Cash and cash equivalents									
- Australian dollar	4,986	-	-	-	-	-	-	-	4,986
- Euro	-	-	-	-	-	-	-	-	-
- United States dollar	-	-	-	-	-	-	-	-	-
Loans and Receivables									
- Australian dollar	34,689							13,796	48,485
- Euro	-	-	-	-	-	-	-	-	-
- United States dollar	-	-	-	-	-	-	-	322	322
Other assets									
- Australian dollar	-	-	-	-	-	-	-	353,580	353,580
- Euro	-	-	-	-	-	-	-	-	-
- United States dollar	-	-	-	-	-	-	-	-	-
Derivative financial instruments	-	-	-	-	-	-	-	-	-
Total financial assets	39,675	-	-	-	-	-	-	367,698	407,373
Financial liabilities									
Payables									
- Australian dollar	-	-	-	-	-	-	-	44,734	44,734
- Euro	-	-	-	-	-	-	-	-	-
- United States dollar	-	-	-	-	-	-	-	-	-
Borrowings									
- Australian dollar	89,271	-	-	-	-	-	-	-	89,271
- Euro	-	-	-	-	-	-	-	-	-
- United States dollar	-	-	-	-	-	-	-	-	-
- Swedish Kroner (SEK)	-	-	-	-	-	-	-	-	-
- Danish Kroner (DKK)	-	-	-	-	-	-	-	-	-
Derivative financial instruments	-	-	-	-	-	-	-	-	-
Total financial liabilities	89,271	-	-	-	-	-	-	44,734	134,005

31 December 2006

Financial assets									
Cash and cash equivalents									
- Australian dollar	24,334	-	-	-	-	-	-	-	24,334
- United States dollar	20	-	-	-	-	-	-	-	20
Loans and Receivables									
- Australian dollar	23,848	-	-	-	-	-	-	45,621	69,469
- United States dollar	-	-	-	-	-	-	790	-	790
Other financial assets									
- Australian dollar	-	-	-	-	-	-	-	5,337	5,337
Total financial assets	48,202	-	-	-	-	-	790	50,958	99,950
Financial liabilities									
Payables									
- Australian dollar	20,710	-	-	-	-	-	-	100,058	120,768
Borrowings									
- Australian dollar	48,000	-	-	-	-	-	-	-	48,000
Total financial liabilities	68,710	-	-	-	-	-	-	100,058	168,768

29. Financial and capital risk management disclosures (continued)

(e) Interest rate risk (continued)

(ii) Interest rate risk contracts – loan receivables

The income and the associated operating cashflows of the consolidated entity's assets are substantially independent of changes in market interest rates. The consolidated entity's loans are provided to employees and investments in joint ventures and associates as a means to obtaining an underlying property exposure. Refer to note 7 for terms and interest rates.

The consolidated entity does not undertake any specific hedging of loan receivables except to monitor the loan outstanding to strategies in the underlying investment portfolio and the cash flow at risk as a result of interest rate fluctuations on scheduled interest rate resets for the next reporting period. Refer to section (iv) for the assumptions used in calculating the cash flow at risk.

(iii) Interest rate risk contracts - borrowings

The Company's primary interest rate risk arises from borrowings. Borrowings issued at floating rates expose the Company to cash flow interest rate risk. Borrowings issued at fixed rates expose the Company to fair value interest rate risk.

The Company manages the cash flow effect of interest rate risk by entering into interest rate swap agreements that are used to convert floating interest rate borrowings to fixed interest rates. Such interest rate swaps are entered into with the objective of hedging the risk of interest rate fluctuations in respect of underlying borrowings. Under the interest rate swaps, the Company agrees with other parties to exchange, at specified intervals (mainly quarterly), the difference between fixed contract rates and floating rate interest amounts calculated by reference to the agreed notional principal amounts.

Interest rate swap contracts have been recorded on balance sheet at their fair value in accordance with AASB 139 *Financial Instruments: Recognition and Measurement*. The AIFRS documentation, designation and effectiveness requirements cannot be met in all circumstances, as a result derivatives do not qualify for hedge accounting and are recorded at fair value through the income statement. Refer to note 1(v).

The following table depicts the notional principal of interest rate swaps and the outstanding principal of fixed rate borrowings in their local currency and the weighted average interest rate of those contracts in each currency at 31 December each year.

Consolidated entity

31 December 2007	2007 '000	2008 '000	2009 '000	2010 '000	2011 '000	2012 '000
US Dollar						
Interest rate swaps	**-**	**-**	**-**	**-**	**-**	**-**
Borrowings	**72,000**	**-**	**-**	**-**	**-**	**-**
Total fixed	**72,000**	**-**	**-**	**-**	**-**	**-**
Average fixed rate	**5.8%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**
Euro						
Interest rate swaps	**100,859**	**-**	**-**	**-**	**-**	**-**
Borrowings	**104,331**	**-**	**-**	**-**	**-**	**-**
Total fixed	**205,190**	**-**	**-**	**-**	**-**	**-**
Average fixed rate	**5.3%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**
Danish Kroner						
Interest rate swaps	**124,523**	**-**	**-**	**-**	**-**	**-**
Borrowings	**-**	**-**	**-**	**-**	**-**	**-**
Total fixed	**124,523**	**-**	**-**	**-**	**-**	**-**
Average fixed rate	**5.5%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**

The consolidated entity did not have any fixed borrowings or interest rate swaps in 2006. The parent entity did not have external borrowings or interest rate swaps in 2006 or 2007.

The table below summarises the weighted average interest rate of the outstanding principal of fixed and floating borrowings, including the impact of interest rate swaps.

	Consolidated Entity		**Parent Entity**	
	2007	2006	**2007**	2006
	%	%	**%**	%
Australian Dollar	**8.68**	8.02	**8.04**	7.25
Euro	**5.96**	-	**-**	-
US Dollar	**5.95**	-	**-**	-
Danish Kroner	**5.48**	-	**-**	-
Swedish Kroner	**5.63**	-	**-**	-
Combined	**5.94**	8.02	**8.04**	7.25

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2007

29. Financial and capital risk management disclosures (continued)

(e) Interest rate risk (continued)

(iv) Cash flow at risk analysis

Under GPT's treasury risk management policy hedge balances in a 'market forecast' scenario must be inline with hedge parameters outlined in its policy. The policy also requires a 'cash flow at risk' sensitivity analysis be performed to test the impact of upwards and downwards movements in the market interest rates on GPT's hedge position against forecast debt levels for a five year period and its annual profit forecast for a three year period. The policy requires that the result of the cashflow at risk sensitivity analysis must be within predetermined limits against forecast realised operating income at risk.

Under GPT's Policy, the parameters for assessing the impact of upward or downward movements in market rates is made by reference to the lower of the maximum upward/downward of the 3 month BBSW rate over a 6 month period or the maximum spread at any given time between the 3 month bills and 5 year swap rate. The sensitivity applied to the consolidated entity's hedge position over a three year period at 31 December 2007 was:

- AUD interest rates increase by 210 bps and decrease by 190 bps
- Euro, DKK and SEK interest rates increase by 140 bps and decease by 200 bps
- USD interest rates increase by 190 bps and decrease by 280 bps
- In the case of currency linked trigger swaps, AUD / Euro exchange rates moved up or down by 0.04

	Consolidated entity Cashflow at risk		Parent entity Cashflow at risk	
	2007	2006	**2007**	2006
	$'000	$'000	**$'000**	$'000
Year 1	**5,095**	1,315	**1,458**	307
Year 2	**2,771**	1,315	**1,458**	307
Year 3	**2,771**	1,315	**1,458**	307

At 31 December 2007, the fair value of interest rate swaps was disclosed in note 9 and the gain in the income statement from the increase in fair value of the net asset together with the net receipts received during the year is $1,024,438 (Dec 2006: Nil).

(f) Foreign exchange risk

Foreign exchange risk refers to the risk that the value of a financial commitment, recognised asset or liability will fluctuate due to changes in foreign currency rates. The Company's foreign exchange risk arises primarily from:

- borrowings denominated in foreign currencies;
- firm commitments of highly probably forecast transactions for receipts and payments settled in foreign currencies or with prices dependent on foreign currencies; and
- investments in foreign operations.

The Company's exposed to foreign exchange risk arising from currency exposures to the Euro and US dollar.

(i) Foreign currency assets and liabilities

Foreign currency exposure is primarily managed at the GPT Group level and not in individual controlled entities of the GPT Group. Under the GPT Group Policy, GPT is responsible for raising the foreign currency borrowings to fund the Company's acquisitions of foreign operations, with GPT's loan to the Company being denominated in the Australian dollars. GPT manages the foreign exchange risk of the cost of funding and the income derived from the investment in foreign operations by entering into forward foreign exchange contracts to covert the amount of foreign currency received by the GPT Group back to Australian dollars. There is no hedging of the exposure to foreign operations in the Company.

Where there is asset level debt however, the individual controlled entity is responsible for ensuring it manages its foreign exchange risk for its assets and liabilities denominated in foreign currency by borrowing in the same functional currency of its investment to form a natural economic hedge against any foreign currency fluctuations as well as using forward exchange contracts where funds were borrowed in local currency. The GPT Group's policy is not to hedge unrealised fair value increases/decreases which may have occurred in its foreign currency assets.

For accounting purposes, net foreign operations and interests in the joint ventures and associates are revalued at the end of each reporting period with the fair value movement reflected in equity as a movement in the foreign currency translation reserve. The interests in joint ventures and associates are then equity accounted to reflect the underlying net assets of the entities with changes reflected in the income statement as share of after tax profits of equity accounted investments (refer to note 1(e)).

The loans to the joint ventures are revalued at the end of each reporting period with the fair value movement reflected in the income statement as exchange gains or losses on foreign currency borrowings.

29. Financial and capital risk management disclosures (continued)

(f) Foreign exchange risk (continued)

The following table shows the Australian dollar equivalents of the Company's investments denominated in foreign currencies.

Consolidated entity

	Euros		United States Dollars		Danish Kroner		Swedish Kroner		New Zealand Dollars	
	2007	2006	**2007**	2006	**2007**	2006	**2007**	2006	**2007**	2006
	$'000	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000
Assets										
Cash	**19,312**	-	**38**	20	**-**	-	**-**	-	**-**	-
Warehoused property	**252,735**	-	**108,196**	-	**27,895**	-	**8,462**	-	**-**	-
Equity accounted investments	**366,582**	268,783	**16,873**	18,309	**-**	-	**-**	-	**2,990**	-
Loans and receivables	**97,965**	-	**57,288**	-	**-**	-	**-**	-	**-**	-
Other assets including goodwill	**124,676**	-	**-**	-	**-**	-	**-**	-	-	-
	861,270	268,783	**182,395**	18,329	**27,895**	**-**	**8,462**	**-**	**2,990**	**-**
Liabilities										
Borrowings	**401,172**	-	**176,775**	-	**27,895**	-	**6,328**	-	-	-
Other liabilities	**74,878**	-	**10,173**	-	-	-	-	-	-	-
	476,050	-	**186,948**	-	**27,895**	**-**	**6,328**	**-**	**-**	**-**
Net assets/(liabilities)	**385,220**	268,783	**(4,553)**	18,329	**-**	**-**	**2,134**	**-**	**2,990**	**-**
Parent entity										
Assets										
Loans and receivables	**322**	126	**-**	-	**-**	-	**-**	-	-	-
	322	126	**-**	-	**-**	**-**	**-**	**-**	**-**	**-**
Liabilities	**-**	-	**-**	-	**-**	**-**	**-**	**-**	**-**	**-**
Net assets	**322**	126	**-**	-	**-**	**-**	**-**	**-**	**-**	**-**

The foreign currency exposure in the consolidated entity highlights that it has funded its offshore investments with AUD dollars from the Trust given the foreign exchange exposure is managed at a GPT Group level.

Under GPT's policy, the parameters for assessing the impact of upward or downward movements in market rates is made by reference to the maximum move of each foreign currency exchange rates over a three month period. The sensitivity applied to the Company's current year profit and loss and balance sheet position at 31 December 2007 was:

- AUD/Euro exchange rate increased/decreased by 0.04 Euro cents
- AUD/USD exchange rate increased/decreased by 0.07 United States cents
- AUD/NZD exchange rate increased/decreased by 0.15 New Zealand cents

An increase/decrease in foreign exchange rates at 31 December 2007 would have had an impact on the net assets of the consolidated entity decreasing by $25,710,484 (Dec 2006: decrease by $19,628,821) and an adverse impact on the parent entity decreasing by $21,467 (Dec 2006: decrease by $8,439).

If an increase/decrease movement in foreign exchange rates occurred for the entire financial year ended 31 December 2007, the impact on the consolidated entity's net profit after income tax would have increased by $1,525,156 (Dec 2006: decreased by $4,242,599). The impact on the parent entity's net profit after income tax would have decreased by $68,279 (Dec 2006: nil).

(g) Fair value

At 31 December 2007, for the consolidated entity and parent entity, the carrying value of financial assets and financial liabilities as shown in the balance sheet approximates their fair value.

30. Auditors' Remuneration

During the financial year the following amounts were paid or payable for services provided by the auditor of the Company or any other entity in the consolidated entity and its related parties:

	Consolidated entity		Parent entity	
	31 Dec 2007	31 Dec 2006	**31 Dec 2007**	31 Dec 2006
	$	$	**$**	$
Audit services				
PricewaterhouseCoopers Australia				
Statutory audit and review of financial reports	**584,983**	454,484	**239,918**	176,687
Affiliates of PricewaterhouseCoopers Australian firm including overseas firms		-	**-**	-
Statutory audit and review of financial reports	**392,126**	31,875	**-**	-
Total remuneration of audit services	**977,109**	486,359	**239,918**	176,687
Other assurance services				
PricewaterhouseCoopers Australian firm				
Regulatory and contractually required audits	**52,270**	24,606	**-**	-
AIFRS accounting services	**-**	90,375	**-**	90,375
Due diligence services	**115,000**	20,000	**-**	20,000
Other services	**11,024**	-	**-**	-
Affiliates of PricewaterhouseCoopers Australian firm including overseas firms				
Due diligence services	**-**	27,036	**-**	27,036
Total remuneration for other assurance services	**178,294**	162,017	**-**	137,411
Total remuneration for audit and assurance services	**1,155,403**	648,376	**239,918**	314,098
Non audit related services				
PricewaterhouseCoopers Australian firm				
Taxation services	**55,836**	83,881	**-**	83,881
Affiliates of PricewaterhouseCoopers Australian firm including overseas firms				
International tax due diligence relating to acquisition entries	**-**	13,561	**-**	13,561
Taxation services	**39,077**	65,438	**-**	65,438
Total remuneration for non audit related services	**94,913**	162,880	**-**	162,880
Total auditors remuneration	**1,250,316**	811,256	**239,918**	476,978

31. Net Tangible Asset Backing

	Consolidated entity	
	31 Dec 2007	31 Dec 2006
	$	$
Net tangible asset backing per stapled security/unit	0.09	0.14

Net tangible asset backing per security is calculated by dividing the sum of net assets less intangible assets by the number of securities on issue set out in note 4.

32. Events subsequent to reporting date

Declaration of December quarter distribution
On 26 February 2008, a distribution of 7.3 cents per stapled security ($153,271,818) was declared for the quarter ended 31 December 2007.

DIRECTORS' DECLARATION

In the Directors' opinion:

(a) the financial statements and notes set out on pages 17 to 66 are in accordance with the *Corporations Act 2001*, including:

- complying with the Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
- giving a true and fair view of the Company's and Consolidated Entity's financial position as at 31 December 2007 and of their performance for the financial year ended on that date; and

(b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and

(c) the audited remuneration disclosures set out on pages 7 to 14 of the Directors' Report comply with Accounting Standards AASB 124 *Related Party Disclosures* and the *Corporations Regulations 2001*; and

The directors have been given the declarations by the chief executive officer and chief financial officer required by Section 295A of the *Corporations Act 2001*.

This declaration is made in accordance with the resolution of the directors.

Peter Joseph
Chairman

Nic Lyons
Executive Director

GPT Management Holdings Limited
Sydney

26 February 2008

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Independent auditor's report to the members of GPT Management Holdings Limited

Report on the financial report and the AASB 124 remuneration disclosures contained in the directors' report

We have audited the accompanying financial report of GPT Management Holdings Limited (the company), which comprises the balance sheet as at 31 December 2007, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration for both GPT Management Holdings Limited and the consolidated entity. The consolidated entity comprises the company and the entities it controlled at the year's end or from time to time during the financial year.

We have also audited the remuneration disclosures contained in the directors' report. As permitted by the *Corporations Regulations 2001*, the company has disclosed information about the remuneration of directors and executives ("remuneration disclosures"), required by Accounting Standard AASB 124 *Related Party Disclosures*, under the heading "remuneration report" in pages 7 to 14 of the directors' report and not in the financial report.

Directors' responsibility for the financial report and the AASB 124 remuneration disclosures contained in the directors' report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

The directors of the company are also responsible for the remuneration disclosures contained in the directors' report.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit

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engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement. Our responsibility is to also express an opinion on the remuneration disclosures contained in the directors' report based on our audit.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report and the remuneration disclosures contained in the directors' report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report and the remuneration disclosures contained in the directors' report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report and the remuneration disclosures contained in the directors' report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report and the remuneration disclosures contained in the directors' report.

Our procedures include reading the other information in the Annual Report to determine whether it contains any material inconsistencies with the financial report.

For further explanation of an audit, visit our website http://www.pwc.com/au/financialstatementaudit.

Our audit did not involve an analysis of the prudence of business decisions made by directors or management.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Matters relating to the electronic presentation of the audited financial report

This audit report relates to the financial report and remuneration disclosures of the company for the financial year ended 31 December 2007 included on the GPT Group web site. The company's directors are responsible for the integrity of the GPT Group web site. We have not been engaged to report on the integrity of this web site. The audit report refers only to the financial report and remuneration disclosures identified above. It does not provide an opinion on any other information which may have been hyperlinked to/from the financial report or remuneration disclosures. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited financial report and remuneration disclosures to confirm the information included in the audited financial report and remuneration disclosures presented on this web site.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

PRICEWATERHOUSECOOPERS

Auditor's opinion on the financial report

In our opinion:

(a) the financial report of GPT Management Holdings Limited is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the company's and consolidated entity's financial position as at 31 December 2007 and of their performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and

(b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Auditor's opinion on the AASB 124 remuneration disclosures contained in the directors' report

In our opinion, the remuneration disclosures that are contained in pages 7 to 14 of the directors' report comply with Accounting Standard AASB 124.

PricewaterhouseCoopers

DH Armstrong
Partner

SJ Hadfield
Partner

Sydney
26 February 2008